

* 658.9359
R 51 c.1

L I B R A R Y

B O S T O N
U N I V E R S I T Y



 **COLLEGE** 
BUSINESS
ADMINISTRATION

Class No. **65-8.9359*
Book No. *R51 C.1*
Acc. No. *39865*
Date *8-15-49*

BOSTON UNIVERSITY
College of Business Administration

THESIS

Merchandising for a Retail
Flower Shop

by

Leonard Robert Rittner
(B.S. in B.A. Boston University 1948)

Submitted in partial fulfillment of
the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

MBA
1949
rit
cop1



8-15-49
39865
* 658.9359
R51

c. 1

The writer would like to acknowledge with thanks,
the help of the following people, without whose assistance
this paper could not have been written:

Doctor Kenneth D. Hutchinson, Chairman Marketing
Department, Boston University

Philip Rittner of Boston, a retail florist for
forty years

The Faculty of the Rittner School of Floral Design
357 Charles Street, Boston, Mass.

TABLE OF CONTENTS

CHAPTER	PAGE
I. INTRODUCTION..THE NATIONAL FLOWER MARKET	5
Characteristics of the Wholesaler	8
Wholesale Distribution Methods	19
Mechanics of Wholesale Markets	20
II. RETAIL FLOWER OUTLETS	27
A. City Florist	28
B. Residential Florist	32
C. Grower Retailer	38
III. CHARACTER OF DEMAND FOR FLOWERS.	46
A. Survey of Demand	46
B. Analysis of Consumer's Wants	61
C. Probable effect of Price on Demand	63
IV. MERCHANDISING METHODS	68
A. Problem of Stimulating Demand	68
B. Value of Window Displays	71
C. The effect of Advertising & Sales Promotion	72
D. Supplementary Merchandise	80
E. Layout of the Store	82
V. BUYING AND ITS RELATION TO MERCHANDISING	86
A. Deciding What to Buy	86
B. Deciding How Much to Buy	88
C. Planning for Special Events	92
D. Obtaining Emergency Stocks	94
E. Problem of Over-Stocking	96

CHAPTER	PAGE
VI. RETAIL FLORIST RECORD KEEPING	100
A. The types of Records Needed	100
B. Typical Profit and Loss Statements	103
C. Mortality of Retail Shops	108
D. Criticism of the Industry	110
VII. NEW TRENDS AND A LOOK AT THE FUTURE	111
BIBLIOGRAPHY	122

LIST OF FIGURES

FIGURE	PAGE
1. Exterior of Boston Flower Exchange, Inc., Boston . . .	9
2. Newspaper Advertisement of "Ed's", Florist of Kansas City, Missouri	41
3. Boston University, Market Research Project	50
4. Monthly Sales Volume for Average Florist in the United States	53
5. Penn, the Florist, Boston, Newspaper Advertisements . . .	74
6. Barnes and Luther, Florists of Kansas City, Missouri Newspaper Advertisements	74
7. Newspaper Advertisements of Chandler, the Florist . . .	75
8. Newspaper Advertisement of Schling the Florist	75
9. Interior Floor Plan of a Modern Retail Flower Shop . . .	85
10. Record of Customer's Special Events	89
11. Florist Unit Inventory Control System	102
12. Florists - Operating Ratios	104
13. Photograph of Box of Prepackaged Flowers	118

CHAPTER I

INTRODUCTION...THE NATIONAL FLOWER MARKET

The exact size of the national flower market is not known at the present time. At present, (1949) there is a census of the flower market being taken but the results of this will not be published until next year. However, some accurate estimates have been made about the market by reliable sources during the past twenty years.

Flowers sell better when times are good as in 1929. In that year, 9328 retail shops did a business of \$176,000,000 or an average of more than \$18,000 per operating unit. (1) Miss Knibb states that the industrial leaders point out that even in bad times, the industry has a certain stability that stands it in good stead. In 1933, 7728 flower shops did \$66,495,000 worth of retail business which was an average of nearly \$8500 each. In 1939, after the depression, there were 16,000 retail outlets and these shops did \$150,000,000 worth of business. In this year, Dun & Bradstreet took a survey of 108 "representative" flower shops and declared that the typical annual sales volume was \$15,700. The retail business in 1944 was estimated at \$400,000,000 and the present business is estimated at from \$500,000,000 to \$600,000,000 worth of business. (2)

- (1) Dorothy Knobb "Florist Industry Alert to Change", Domestic Commerce, Vol 34, No. 2 (February 1946) p.24-5.
- (2) Letter to the writer from Violet Correll, Society of Am. Florists, Chicago, Ill., March 18, 1949.

At present, there is close to 225 million square feet of glass devoted to growing flowers and on this basis, the greenhouse operators in this country have an investment in land, buildings, and equipment of over \$400,000,000. (1)

From 1900 into the recent war, the people of this country have been spending $\frac{1}{4}$ of one percent of each dollar they have had to spend or to save of their expendable income on flowers. (2) Since the end of the war, this percentage has increased, and now the average person spends approximately $\frac{1}{2}$ of one percent on flowers. Professor Fossum estimates that in 1948, the retail flower business reached a sales volume of \$625,000,000. Probably the more accurate figure at the present time is that of the Society of American Florists, of between \$500,000,000 and \$600,000,000. At the extreme, the optimistic trade paper, The Florist Exchange, estimates the retail business at the total of \$650,000,000, and the nursery business at an additional \$350,000,000 giving a total of one billion dollars. Unfortunately, however, the magazine does not disclose at how these figures were arrived. At any rate, it seems clear that the industry has been increasing steadily throughout the years.

(1) Letter to the writer from Robert Roland, Exec. Secretary, Society of American Florists, Chicago, Ill., June 1, 1949.

(2) Prof. Truman Fossum, Cornell University, in an address to the Society of American Florists, March 1949.

Most present factors seem to point to this trend continuing, however, a business depression such as that of the thirties, might very well reverse this increasing trend, just as it did after the crash of 1929.

In 1939, there was a retail florist for each 15,000 of our population while today there is a retail florist for each 6,000 people in this country. According to a Dun and Bradstreet survey, part of this is due to the increased spending power of the individual. The disposable income per capita in 1939 was 527 dollars; now it is \$1,182. In 1939, the gross national production was \$90.4 billion while last year, in 1948, it was \$248.2 billion. (1) While the total income was \$72.5 billion in 1939, in 1948, it was \$221.4 billion. In retail sales, it has risen from \$42.04 billion in 1939 to \$128 billion last year. The spendable dollar for flowers has penetrated much deeper into the lower income groups, or perhaps it would be more accurate to say that the average income has risen high enough so that a large part of the middle income group is acquiring a taste for flowers, or at least the ability to purchase them.

At present there are close to 25,000 retail florists operating in this country. Thus far the yearly sales have clung to the high levels established during the prosperous war years.

(1) Letter to writer from Dun & Bradstreet, dated May 31, 1949.

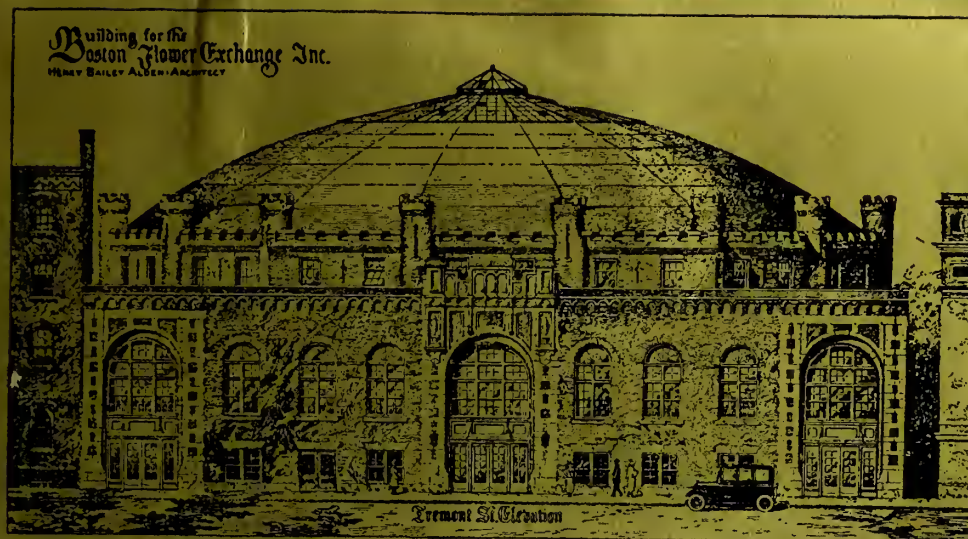
But thus far in 1949, the dollar volume has not been as good, as last year. This might be due to the resession now going on, and it is quite likely due to the fact that food and other essentials take such a bite out of the consumer's dollar, he is cutting down on his "luxury" buying to some extent. The problem the florist is now facing is that of trying to maintain a satisfactory profit while business volume and prices are levelling off. This problem is intensified as at the same time, there is little levelling off in the florist's costs of salaries, maintenance, etc.

Characteristics of the Wholesale Flower Market

Wholesale or commission houses have been established in nearly all the large cities in this country for the purpose of supplying the retail stores with the produce grown in the greenhouses, thus functioning as a medium between the producer and the seller of cut flowers and plants. Boston has an unusual market setup which deserves some attention.

In Boston there is a cooperative market which was organized in 1892 and incorporated in 1909. This market is known as the "Boston Flower Exchange, Inc.," and it is located in the Cyclorama building which is located at 539 Tremont Street. This building was originally built for the exhibition of a painting of the Battle of Gettysburg and is circular in shape having a glass dome of 120 feet in diameter.

Exterior of Boston Flower Exchange, Inc., Boston, Mass.



(Figure One)

Through the center of the main hall are long tables which are divided into stalls of about four feet square. The growers rent these stalls which are excellent for the purpose of displaying and selling produce to the retailers. These stalls measure four feet by four feet and cost the grower \$12 a month to rent. The amount of stalls that a grower can rent depends upon the amount of glass (greenhouses), the grower has under cultivation. The more he produces, the more space his produce has to be displayed in, if the grower so desires. (1)

The exchange itself is governed by a Board of Directors who are elected by the stockholders. The stockholders are growers from all over New England who own greenhouses.

(1) Information from Mr. Wittemore, Board of Directors, Boston Flower Exchange, Inc.

The growers who are stockholders in the Exchange actually get two types of profits. First, they get the profit gained on the merchandise they sell in the market. Secondly, each stockholder-grower also shares in the profits and losses of the Exchange Corporation. In the past eight or nine years, the dividends on the stock of the corporation has been averaging about 5%. (1)

In 1925, William H. Keene was appointed as manager of the market and he has held this position ever since. The exchange is open every day except Sunday from 7 A.M. to 5 P.M. except on holidays when special hours go into effect.

The exchange offers a number of services. First, it provides a convenient meeting place for the growers and the retailers to meet in one spot and buy and sell to their mutual advantage. It brings together under one roof a large variety and selection of cut flowers and plants. It provides a credit system for the growers as all purchases must be paid for by the 15th of the month following delivery (sale) of the merchandise. If the bill is not paid in full by 12:00 o'clock of the succeeding 20th of the month, the name of the party failing to settle is entered on a list, which is given to all members (2)

- (1) Information from Mr. Arthur Capers, Wellesley, Mass., grower and stockholder in the Boston Flower Exchange, Inc.
- (2) From the By-laws of the Boston Flower Exchange, Inc., dated November 5, 1928.

The first part of the paper is devoted to a general discussion of the problem of the origin of life. It is shown that the problem is not only a scientific one, but also a philosophical one. The scientific aspect of the problem is concerned with the question of how life arose from non-life. The philosophical aspect is concerned with the question of whether life is a necessary part of the universe or whether it is a mere accident.

The second part of the paper is devoted to a discussion of the various theories of the origin of life. It is shown that there are three main theories: the theory of spontaneous generation, the theory of biogenesis, and the theory of abiogenesis. The theory of spontaneous generation is the oldest and simplest, but it is also the least plausible. The theory of biogenesis is the most plausible, but it is also the most difficult to prove. The theory of abiogenesis is the most difficult to prove, but it is also the most plausible.

The third part of the paper is devoted to a discussion of the evidence for the origin of life. It is shown that there is a great deal of evidence in favor of the theory of biogenesis. This evidence includes the fact that life is found everywhere on Earth, the fact that life is found in the most hostile environments, and the fact that life is found in the most ancient rocks.

The fourth part of the paper is devoted to a discussion of the implications of the origin of life. It is shown that the origin of life has important implications for our understanding of the universe. It is shown that the origin of life is a key to understanding the evolution of life on Earth, and it is shown that the origin of life is a key to understanding the nature of life itself.

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
5800 S. DICKINSON AVE.
CHICAGO, ILL. 60637
U.S.A.
1968

of the association. In effect, this acts as a "black list" and serves as a weapon against faulty payers of floral bills.

All the produce brought to and sold in the Boston market must be grown in New England. This is because the owners of the corporation are all growers from New England and for purposes of control and protection, they do not allow produce into the market from others sections other than New England. Most of the cut flowers and plants are grown in Mass. and Conn., although some merchandise does come from the other New England states. With the exception of the summer months, practically all the cut flowers are grown under glass (greenhouse produce.) During the summer months, however, outdoor flowers are grown throughout New England, and then sold on the Boston Exchange.

While in theory, the growers rent the stalls in the market and sell the flowers to the retailers, in actual practice, there has been a trend for the growers to hire so called "salesmen" to sell their produce for them. While some growers still do come into the market and sell directly, most of them have found it inconvenient and unprofitable to do so. As a group, the growers have found that it pays them to specialize and become strictly production men, growing the produce. Not only are most of the growers not salesmen, but they also find that going to the market takes up too much of their time which they prefer to spend in their greenhouses. Also, many of the growers

are small producers and it would not be economical for them, to keep coming in with their merchandise. They find it easier to have a "salesman" sell their merchandise along with other growers' produce. The larger growers prefer to market their own goods, but most of the others leave the selling of the flowers and plants to the capable "salesmen."

In practically all cases, these so called "salesmen" in the market handle the produce on a consignment basis and they are actually commission merchants. However, the term "salesmen" is used by the growers and the retailers in the trade so while they carry this title, their actual function is that of commission merchant.

These men receive commissions based on the selling price of the flowers they sell. This encourages them to sell at the highest possible price obtainable. These commission merchants are selected by the growers on the basis of their personal reputation and also by the likes or dislikes of the individual grower. It is a continuing relationship as long as both parties agree to the arrangement. As far as can be determined, few seem to have written contracts, but rely instead on sort of a "gentleman's agreement" which in most cases seems to last over some period of time. Many of these relationships have been going on for a number of years. These merchants sell the growers' produce, are responsible for the retailer's payment for

the flowers, but do not take title to the produce, and return or dump the flowers they do not sell. This arrangement has given many of the growers the opportunity to specialize in production, leaving the distribution to these middlemen who are more capable to handle the marketing and selling problems.

In addition to the actual flower market, there are also other methods of distribution of the produce from the producer to the retailer. One large source consists of a number of wholesale houses. These regular wholesalers buy greens and flowers, as well as floral supplies from growers, manufacturers, and some produce from the exchange itself. The market exchange does not carry floral supplies such as baskets, wire, ribbons, etc., and the flowers in the exchange are limited to that grown in New England. Therefore, these wholesale houses perform a valuable function by buying supplies in bulk and distributing them to the retailers in small quantities.

In addition, the wholesalers carry flowers and plants which are not grown in New England. Also, the wholesalers buy flowers and plants from growers in New England who are not members of the exchange. Since the exchange itself will not ship flowers but is simply a market where the retailers and growers meet and buy and sell, the wholesalers sometimes buy in the Boston market and then ship the produce to retail florists at distant points in New England. Some of the wholesalers are

located in the Boston Flower Exchange building, but they have nothing to do with the flower market. They simply rent out the space. The other wholesalers rent stores and buildings as close as possible to the market so the wholesale flower district is centered closely around the exchange on Tremont Street.

Another type of wholesaler is the "truckman". This middleman buys flowers and plants from the market and sells them to the retailers. His chief function is supplying retailers who live at distant points from the Boston or main market. These retailers find it inconvenient to buy at the market themselves, and dislike buying by phone, as they like to see the produce before purchasing. The truckman goes around to these retailers carrying a supply of flowers and plants which cater to the particular needs of this group. Some of the truckmen specialize in only certain types of produce and sometimes the retailers take advantage of this and supplement their regular buying with the truckman's merchandise. A good example of this is the purchase of produce such as rock gardens and Ming trees. In this case, the truckmen buy the plants, etc., from the growers, assemble the gardens (acting as producer here) and then sell the finished article to the retailer.

In some cases, the city florist purchases from the truckmen as well as the florists who have their shops some distance away from the main market area, who also buy from the truckmen.

Finally, there is the grower who acts as his own middleman and sells directly to the retailer. These men do not sell through the market but instead prefer to sell their produce directly to the retail florist. Many times they make contracts with the retailers for sales for the coming year, however the volume of sales contracted in this manner is small in comparison to the sales contracted through the Boston Exchange. These growers feel that by knowing just what they can sell, they stabilize distribution and can therefore stabilize their production. In this way, they can avoid the worries of having to sell on a "glutted" market and they know that their output will be sold at a certain price. They avoid the losses of spoilage and poor prices that sometimes occur on the main market. They also feel that they are saving the commissions they have to give when they sell on consignment in the market to the commission merchants.

In contacting the retailers, the grower generally uses a man who is a combination salesman-driver. This driver goes around to the retailers in a truck, and sells the grower's produce. This salesman-driver differs from the truckman (see p.14) in that the truckman is a middleman who buys produce from the market and resells them to retailers, while the grower's driver handles only the grower's merchandise and sells directly to the retailer. Sometimes, these growers who sell direct, have a mailing list of retailers and contact them through this medium.

In addition, the growers advertise in two trade magazines, "The Florist Exchange" and the "Florist Review."

Many times, it is the retailer who makes the contact, and he goes to the grower's greenhouses and buys directly from the grower. This practice is especially important just before flower holidays. However, many growers do not like this practice, and will only sell to retailers on a year around contract basis. When it comes to new floral retailers, it is found that the retailer generally makes contact with the grower. The florist hears of the grower through some trade advertising, but more frequently through word of mouth in the industry. Most growers are not anxious to do business with the new retailers until they are established. The growers are fearful of credit losses with these new, untried concerns.

To help this situation somewhat, these growers who sell direct, belong to the same credit organization which is used by the growers in the market. It is the "New England Credit Association " which "black lists" any retailer who defaults in payment of his bills to the growers.

The marketing of flowers, however, seems to be such that discourages the direct sale of the merchandise in more instances. In the first place, it is obvious that the elimination of the middlemen, in this case, the commission merchant in the market, does not eliminate his function. The ,

grower has to spend his time developing the retail contacts, making the contracts, etc., so what he saves in the commissions, he probably loses in the using of his own time which could probably be spent, in most instances, more profitably in actual growing. Also, most retailers do not like to tie themselves down by contract in buying. They prefer to go to the market where there is a wide variety of flowers to choose from. Not only is there a large variety of types of flowers available, but the retailer is in the hope of getting the best possible price. The retailer feels that he can get a lower price when he plays the market than when he sticks to one grower. However, we find some retailers who prefer to pay a certain set price all year around. These florists are content to pay 5¢ for a carnation during flower holidays and likewise pay the same price during the poor seasons.

The large majority of retailers, however, seem to prefer to play the market and although they will pay 15 or 20¢ for a carnation on a flower holiday, they pay only 2 or 3¢ for the carnation during the many periods when the demand is not so high. It is their contention, that in following the market, they find it cheaper in the long run, rather than tying themselves down to one grower and one price for this merchandise.

Finally, many growers only grow and have for sale,

a small amount of produce of one particular flower. By itself, this one flower is of little use to the average retailer. By selling in the market, however, along with other varieties, the grower can easily sell, and the retailer can get a sufficient supply of all his flower needs. The few growers who do sell direct who have been very successful, are very large growers who specialize in one specialty. Pierson of Cromwell, Conn., and Thomas Young Nursery's (Orchids) are notable examples who have found direct selling to retailers worth while.

From a national standpoint, there are some growers who will supply wholesalers in different parts of the country. A few even supply retailers if their orders are large enough or often enough to make it worth while for the grower. They ship the produce by train, and more recently, by air to different sections of the country. These growers, however, are small in number and in sales volume as compared with the local growers who supply only their own locality. For example, although some of the produce grown in New England is shipped to other sections of the country, by far the large majority of the flowers and plants produced in New England are sold and used in this area. (1)

- (1) Statement by William Keene, Manager of the Boston Flower Exchange, Inc., in a lecture to the Rittner School of Floral Design, September, 1948.

Wholesale Distribution Methods

The methods of distribution have been treated to some extent in the above section, but to complete this topic it is necessary to mention some detail of the large city markets. In the flower exchange, the retailers buy on the open market and cart the merchandise away with them. Also, when they buy from the wholesale houses, it is again the retailers who take the initiative, do the buying, and taking the merchandise with them. The truckman handles specialties and delivers the produce to the retailer's shop in much the same manner as the local milkman. When the grower sells directly, he is generally responsible for the transportation of the produce to the retailer's shop.

When we come to the small city or the town market, we find a slightly different setup. The small town florist has a number of ways in which he can get his produce. He can come in to the regional flower market. In New England, the market is in Boston. In some cases, if he knows an individual commission merchant in the market, he can buy through this individual by telephoning him. The retailer can get produce by telephoning one of the wholesale houses and get the merchandise from him. In New England most of the wholesalers are in Boston, but there are some additional smaller wholesale houses in cities the size of Providence. The small town florist may get some of his flowers directly from the growers, when contracts are setup as mentioned

previously. A recent issue of the Florist Exchange magazine, had an editorial on the passing of the "local" grower. By "local" grower was meant that, until recently, local firms who had a given area more or less "sewed up", without worrying very much about the problems of the wholesalers and retailers in that area. Fast express and airdelivery, however, have brought significant changes in these areas and a special situation now exists as a result as stock is now purchased by the retailers in such areas on its merits, rather than on the basis of its origin.

In general, however, local sources of supply still very much predominate, encouraged probably by high perishability, the need for prompt service, and the irregular character of the demand for flowers which makes long range planning difficult.

Mechanics of Wholesale Markets

The determination of the price on the wholesale level is interesting. In theory, the Boston Flower Exchange is proud of the fact that there is open setting of prices by the growers and the commission merchants. The growers say that they do not get together in advance to "fix" the price. (1) In actual practice, however, there is no need for them to get together as

(1) Statement by William Keene, Manager of the Boston Flower Exchange, Inc., in a lecture to the Rittner School of Floral Design, September, 1948.

by long experience, the growers and "salesmen" seem to know just what they can get for their produce. The growers and commission merchants in the exchange judge the market conditions, how much supply of their flower (of a certain quality and color) is in the market and how much buying is being done that day. They set their price and generally the price set by one grower for a certain type and grade of flower is the same the whole market is getting for that flower. For example, if one day short stem, red, roses are selling for 10¢ each, and one grower is selling them for 8¢, the retailers all start buying from him, and he knows that he is selling too low, so he raises his price to the standard market price.

Any retail florist will vouch for the fact of how very remarkably the price is standardized all over the market a very short time after the market opens each morning at 7 A.M. The growers raise their prices whenever they think they can get more money for their products. Their theory is to charge as much as the market will bear. When the Coconut Grove fire took almost 600 lives here in Boston about ten years ago, the growers and commission merchants knew that there would be a great demand for funeral flowers and their prices actually rose 100% over night. (1) Prices double or even triple before flower holidays such as Easter, Mother's Day, Christmas,

(1) Philip Rittner, of Rittner, the Florist, Boston, Mass.

etc. The growers try to get as much as they can for their produce, but a point is reached when the retailer feels that he can't buy at that price, as he cannot resell the merchandise and still make a profit. Then he stops buying or turns to other types of flowers, which forces the grower to drop his price, so that the retailer will buy. While each retailer does not substitute with the same types of flowers, there is enough substitution so that the substitutes are influential in determining the price of the original flower. Therefore, if carnations are substituted for roses, the price of the carnations help determine the price of the roses. This situation is even more prevalent in the case where two flowers look similar to each other or can be made to look similar by floral designing.(such as making gladiola into glammellias.)

Another thing that affects the price is that there is little control of the supply of flowers coming into the market every day. At times, the market floods up with flowers and then the price drops so that the growers can get rid of the huge supply. In an effort to keep the prices up, the growers will sometimes hide the extra supply. Usually, however, the growers find that they have to bring out the merchandise and sell it in order to get rid of the perishable produce.

The wholesale houses outside of the market also act as another check on the price. The produce grown out-of-state

is usually sold by the wholesalers for slightly more than the flowers in the market. When the market price goes up too high, however, the retail florists will leave the market and turn from the New England grown produce, to the flowers carried by these outside wholesalers.

A steady increase in production because of better methods and also an increase in the number of growers have steadily brought more and more flowers on the market. The modern horticulturist like his counterpart in agriculture, has become ever more efficient in his production. This production has increased so much that sometimes there are surpluses on the market. Some experts like Alex Laurie (see Chapter VII) believe that prepackaging is the way to get rid of these extra gluts. Dun & Bradstreet say that most of the growers feel that the retailers have not been selling this extra volume, and many would like to have the retailers sell in large quantities to get rid of these surpluses that sometimes occur.

At times, the growers and commission merchants defeat their own purpose by refusing to sell the produce cheap enough so that the retailer can sell to the mass market at fairly low prices. The grower wants to raise prices as high as possible on holidays because he feels demand is high at such times and he wants to make enough to take care of the periods of the year when the price and the demand is very low.

Many growers feel that if they drop their prices or even hold them stationary at periods of high demand (like on flower holidays) the retail florists will want to keep buying cheaply and will expect low prices at all times. Whether their reasoning is correct or not, they feel that they will ruin their market and price setup completely by keeping prices low at periods of high demand.

As a result, the growers hide, or simply keep some of their produce off the market to keep the price up so that the retailer has to pay very high prices for the merchandise before the holiday. When this perishable merchandise that is being saved starts to spoil or becomes second grade goods, the growers either dump the produce, or sell it at greatly reduced prices to the "street boys." Sometimes, the growers dump a lot of the first grade merchandise on the market on the day of the flower holiday as they get panic-stricken that they are getting stuck with too much merchandise (example, May 30, 1949). On such occasions, the retailers who have bought early to insure a decent supply, find that the market is giving the merchandise away at small prices. These retailers are stuck with their purchases and they have to sell to the consumer at fairly high prices, just to break even on their purchasing at the market.

The policy of the growers selling to the street boys and dumping produce helps no-one but the street boys. The grower gets little for the flowers as they are seconds, the retailer

is unable to sell to the mass market, and if the consumer gets cheap flowers, the produce is not really quality merchandise. If the grower would control the supply of produce a little more carefully and if they would sell all their flowers before holidays at a reasonable price to the retailers, and if some retailers were not so anxious to get all they can on flower holidays, it might be possible to sell fresh, first rate merchandise to the mass market.

On flower holidays, when there is a large demand for flowers, the consumer finds that he has to pay high prices in order to get the produce. Many become wary of florists and go away with the feeling that "flowers are expensive". It is very possible that if the retailer would be willing to limit his profits on holidays, he could increase the demand somewhat for floral products during the rest of the year. Not only that, but even his holiday business might very well be increased. Mother's Day was originally a flower holiday, but largely because of the price situation, many people have turned to candy and gifts instead of flowers on this holiday.

It is possible that if the grower, the commission man, and the retailer would get together and consider a certain uniformity of price throughout the year, which would enable the grower to receive his share above costs and which would enable the retailer to sell regularly and profitably without price resistance on the part of the purchaser, everyone concerned

would be benefited. By this, the writer does not mean one set price during the entire year should be established, but a price level should be worked out that would be somewhat stable and not fluctuate wildly on different occasions. It is possible that merchandising as well as prepackaging, and careful planning would take care of much of the surpluses so that this uniform price deal might be worked out.

It is of course true that prices must adjust to supply and demand conditions. What is suggested here is that by levelling off some of the extreme fluctuations of price, the total demand for flowers could be increased. Instead of having a short sighted policy of charging what the market will bear, the overall plan would be to cut prices down somewhat during the holidays so as not to frighten off the consumer for the rest of the year. From an economic standpoint, it would simply be a policy of attempting to increase the yearly demand by some uniformity of pricing.

At any rate, it would be very helpful to induce cooperation between the branches of the industry to make more people buy more flowers throughout the year. Volume through price and quality might be the answer. The huge Californian market has tried this plan of cooperation to solve their mutual problems. It has proved most successful and growers and retailers alike boast that they are getting rid of their huge production and that area has become the most prosperous in the entire floral industry.

CHAPTER TWO

RETAIL FLOWER OUTLETS

The different types of flower outlets may be classified many different ways. In this paper, the classification is made by arbitrarily dividing the various outlets into four main classifications. The first group is called the city florist and under this heading is included many types of florists who are found in the large and small cities throughout the country. The second group is called residential which means to set aside those florists who are found not only in residential and secondary shopping areas, but also in small towns and on the highways. This classification is made because they are some what similar in function as well as being different from the city florist. The third grouping is the grower-retailer which is unique by itself. Finally, the fourth group is the cut-rate florist which can be found in any area and is different because of its appeal and the character of its demand.

While the trade recognizes that there are different types of retailers, practically all their literature and attention is given to the conventional floral designer. The writer has considered this type of florist under the classification of one of the city florists. The four way classification of florists is the author's grouping. It is conceivable that if ten florists made their own classification, each grouping would be different.

A. The City Florist

There are many types of city florists. The most numerous and perhaps the one most commonly thought of, when one thinks of a retail florist, is the conventional retail florist designer. He is the so called "average" florist who handles all phases of the retail flower business. Generally he is of the highest type of floral designer as he has become sophisticated in his design work due to the varied and many types of design work he is constantly called upon to perform. He has both a cash and carry business from incidental purchasers as well as a substantial telephone order business.

His market is that of the city and the surrounding territory due to his location which is in the heart of the city. Many of these retail floral designers cover a business area of from ten to fifteen miles of their actual location. This type of florist gets some residential trade, but much of his business comes from the industrial and business houses in the city. The conventional floral designer finds that his location is valuable for getting transient trade of shoppers, and ordinary walking traffic. The city florist of this type finds that he must provide the usual services of credit and delivery. When possible, allied items such as pottery and art novelties are carried.

As far as his location is concerned, the conventional designer is generally found in the high rent areas. Because of this he is frequently handicapped due to a lack of space in his

shop, and poor parking facilities are available. His displays however are quite important due to the high volume of traffic that must be arrested when passing the shop. His location is extremely important to him as he desires to be in areas of high traffic count. After he is established for a number of years, he gets a good deal of his business from telephone orders, but he still wants the transient trade not only for immediate sales but also to get new customers so that eventually they too, will become telephone customers. Future chapters of this paper will be mostly concerned with this type of retailer as he is the most typical (1) and the type with which the author is most closely acquainted.

Another type of city florist is the hotel florist. While it is difficult to generalize for any group, as each case and each individual enterprise is a problem in itself, it is probably correct to say that most hotel florists are specialists in corsages and vase arrangements. Sometimes they do some hall decorations, but this is not an everyday occurrence. The hours of work are usually in the evening as well as in the late afternoon; as while some are open all day, it is the evening business which constitutes most of their selling volume. The market is generally directed to that of corsages or cut

- (1) Every trade paper, floral organization, design school, trade show, and floral association are directed mainly, to this type of florist.

flowers for women. Sometimes there is impulse buying of flowers and corsages, and at times, his merchandise even becomes that of a convenience good (when flowers are needed and have been forgotten, so they are purchased the last minute). An expert sales person is even more valuable here than a good floral designer although, of course, both are desired in one person, if possible. This type of florist generally gets a high markup due to his unique position and location in the hotel.

Sometimes, his shop (or stall) extends not only in the hotel, but also he has an outlet to the street. More frequently, however, his location is limited to the hotel lobby with no outlet to the street. The value of his location depends on the location and rating of the hotel. Obviously, the better the hotel, the better the location of the florist in that hotel.

The next type of city florist, is the transient florist. He is somewhat similar to the hotel florist in that he sells mostly cut flowers and corsages. He generally does little or no design work. His hours are sometimes twenty-four hours a day, which makes it necessary to have two or more shifts of employees. He is located in subway and elevator stations, in railway stations, in bus terminals, at ocean piers, and at airports. His market is almost entirely to the transients passing by on their way travelling somewhere. It sometimes

varies however, depending upon the type of traveller and the method of transportation he is using. For example, at airports it is mostly corsage work while commuters at train stations buy cut flowers and plants. Other railroad travelers who are going some distance often buy flower gifts, and the subway florist finds most of his sales are made by selling cheap, cut-rate flowers. Location is very important as practically all of his business comes from the transients passing his location. Transient florist's locations are very difficult to obtain. A good example of this is that two years before the new Boston airport opened, over twenty five florists had applied for the location.

The final type of city florist is that which operates a concession. This type of florist generally has some other organization lease him out space in their location and often most customers feel that the florist is a real part of the larger company. He gains the advantages of having the prestige of the larger organization's name, as well as obtaining the services of credit and collection of the larger company. The florist's main disadvantage is that he must closely follow all the rules and regulations passed on to him by the larger company, and that he runs the risk of being thrown out and losing his concession at the whim of the management when his lease expires. The concessioner is usually located in 5 & 10 cent stores, in large department stores, at flower shows, in night clubs, and in hospitals. His rent is sometimes on a fixed amount, but more

often it is based on a certain percentage of gross sales. That is to say he pays the larger organization a certain percentage of his gross sales.

His market is mostly to people who come into the store with other purposes in mind than buying flowers. One exception to this is the florist in some department stores who are located near the bridal shop and who caters to bridal flowers. In most instances, however, the florist sells cut flowers and plants, and novelties and does little design work. His location is choice in that he is in a larger establishment and he gets the advantage of the larger organization's name as well as the large traffic. However, by the same token, his location (of the leased department) inside the bigger store is often times not the best possible one. Department stores especially, prefer to assign the really good locations inside their building to the departments that will yield the best possible profit for the space assigned. Since the flower shop concession may only be a contributing department (contributing toward the overhead only), it will be located in a less valuable space.

B. The Residential Florist

The second main classification of florists, is that of the residential florist. This category is again broken down into a number of different types under this heading.

Two of these types which are quite similar are the

secondary shopping area florist and the small town florist. . The chief advantage of these two types is that they are conveniently located to the nearby residents. The success of these two types depends a great deal on the good will and confidence of the florist's customers. This confidence is generally built up after years of personal, friendly, and courteous service. These two types of shops are somewhat similar to the conventional florist designer except they are not quite so sophisticated in their design work. However they are capable and do handle all types of design work from wedding decorations, to funeral displays.

Because these florists are in a cheaper rent area, they can have larger shops, some of which are more elaborate than the conventional city florist. Also, because they generally have more space, they very often carry many allied items of vases, gifts, greeting cards, seeds, etc. These florists have followed the trend toward suburbanization and many find that they have less competition in these secondary shopping areas and small towns than in the larger cities where competition is very keen. The market is chiefly to the neighbors living in the vicinity of three or four miles from the shop. There is generally a big credit business and the personal relationship with the customers is very important.

Some florists in small towns find that they have to ,

live in that town and be a member of the community in order to stay in business. They find that they must actively participate as members in the local affairs and clubs in order that they be thought of as members of the community and then get the group's patronage. Some of these suburban and small town florists have small greenhouses which they use for display purposes. Many times these small greenhouses are there only to give the customer the impression that all the stock is freshly grown on the premises, whereas much of the perishable merchandise is actually purchased from other sources.

The location of these shops, where possible, is found in the secondary shopping area or on the main street of the section or town. However, since competition isn't very keen, and since the personal element is so important here, some are located on side streets and seem to manage to stay in business, in a satisfactory manner. An extreme of this, is one florist who merely has a sign in front of her house which states that she is a floral designer. In this case, her location is very poor and yet, because this woman has a number of friends and belongs to a number of organizations, she is moderately successful. This type of florist is dying out however, as trade associations will not accept them for membership, and many consumers now seem to like a little "glamour" to go with their flower buying. It may still be possible however for some florists to "make a living" in this manner.

Another type of residential florist is the highway florist. This sort of enterprise is mostly on a cash and carry basis. He sells cut flowers and plants and does little display work. His merchandising consists mostly of selling large quantities at cheap prices getting a very quick and high turnover. His market is almost entirely to the transient autos on the highway.

The flowers and plants are stacked out next to the road and impulse brings in a large amount of the customers. The location problem here is to get on a good highway which has a high traffic count of automobiles. Sometimes, this type of florist locates near a town with the idea of pulling some trade from the town itself as well as the highway. (1)

Also, at times, the highway florist is located not far from a cemetery which adds to his sales volume especially at Christmas for baskets and Memorial Day wreaths, as well as funeral baskets during the year. On all flower holidays, the highway florist does very well as many people seem to like to purchase holiday flowers and plants at cheaper prices, the customer paying cash and carrying it away himself.

Still another type is the supermarket. While it is only in isolated cases that supermarkets have done a partic-

(1) Simon, the Florist, Norwood, Mass.

ularly good job in selling flowers, the fact that more are becoming interested in the proposition is worth noting. (1) At a recent convention of supermarket operators it was found that one percent of the markets now have a permanent flower department and a large amount of the others are seriously looking into the field. (2) While only this small percentage have permanent installations, a large number carry specials on flowers and plants at clearance prices as well as being active with Memorial Wreaths and Christmas produce at special prices. Supermarkets are still in the experimental stage when it comes to flowers but they bear watching as supermarket operators are, as a group among the most progressive merchandisers in the country.

Supermarkets seem to be interested in promoting the pre-packaging development (see Chapter Seven). The main advantages of the supermarket according to Alex Laurie of Ohio State University is that they have heavy store traffic and almost daily contact with consumers. They have a low markup, and they strive to give low prices, due to the minimum of services they offer. Prof. Laurie makes the observation that super markets have the disadvantage of having a lack of flexibility in pricing and in price changing. There is usually a lack of knowledge of flowers on the part of the store personnel. Finally, the buying

(1) Editorial in "The Florist Exchange", June 11, 1949

(2) Ibid

psychology of super-market shoppers is not conducive to luxury spending. Many times this class of shoppers do not realize or appreciate a bargain in flowers. To obtain any volume, the selling price must be held down to a bare minimum, and even then it probably will take some time to get the housewife to buy flowers along with vegetables and fruits. On flower holidays, however, the supermarkets do very well and have a large volume of sales, as a general rule. Again, as in the case of the highway florist, some people desire to do without the services of credit and delivery, and instead get cheaper prices when purchasing their flowers and plants. The supermarket florist knows little about floral designing and in some cases even knows little about the proper care of his stock. It is strictly a cut-rate appeal and by buying gluts on the market and cheaper quality goods, as well as eliminating some services, he is able to sell merchandise at cut-rate prices.

The market is to the bargain hunter type of individual, and mostly to housewives. It is the type of individual who usually does not buy flowers as she is not aware of them or cannot afford them. This market might become very valuable in the future especially if housewives can be convinced that it is "smart" to buy flowers and have them in their homes.

When it comes to the location of florists in supermarkets, it is somewhat similar to concessions in department stores. The florist in the supermarket usually gets the

smaller, less favorable locations. Some might question the advisability of this, as they feel that the housewife will buy the vegetables and fruits anyway, so why not put the flowers in an impulse position like the candy counter in the 5 & 10¢ stores. Possibly the reason for the poorer locations is again, the contribution theory. Perhaps the markets have found that the more valuable space should go to departments that are more profitable to the supermarket than flowers are to the market at the present time. The supermarkets themselves are commonly located in or near downtown or secondary shopping areas where parking space is available. (1)

C. Grower-Retailer Florist

This third classification is a rather unique one. Most of these organizations started out by being primarily growers. As sort of a side line, they started doing some retail business too. Many of them remain in this position of really being growers and doing a little retail business on the side. Sometimes they do not even have display rooms but carry on any retail transactions in the potting and wrapping room. This type of florist considers himself a grower and his primary interest is the growing end of the business such as Everett-Rogers of Roslindale, Mass.

(1) Duncan & Phillips, Retailing Principles & Methods (Chicago: Richard D. Irwin, Inc., 1947) p.27

Other growers found retailing to their liking and even more profitable than their growing of flowers. These florists have in reality become retailers primarily, and give their greenhouses only secondary business consideration. They give the customers the impression that everything is grown on the premises, but of course, they have to supplement their stocks with specialties which they do not grow.

Some of these growers have become very efficient retailers, as well as being very artful designers. An example of this type is Cummings of Woburn and Winchester, Mass. Some of the market is residential, while some of it might come from the highway, depending on the location. The main selling point is usually the idea of the strictly fresh, lasting, flowers as they are grown on the location. The grower-retailer is also a designer, as well as catering to the plants and cut flowers. The location of this type of florist is usually out in the country where there is lots of room. Sometimes they are near towns or residential sections, or on highways, but often they have poor locations due to the fact that they need a large amount of room for the greenhouses.

D. The Cut-Rate Florist

This type of florist cannot really be classified under any other heading as he is found in the city, and in many cases, in secondary shopping areas and in the country. This is the cut-

rate type of florist. Frequently he is found in large cities in the form of street boys. In this case he is a peddler who buys up the second rate merchandise and sells cut flowers and corsages. He is sometimes known as a street hawker. His market includes bargain hunters, some of the theater crowd, and some people who buy on impulse, thinking they are getting fairly good merchandise.

Street boys are sometimes found at athletic events such as football games. The writer attended a mid-western college during the Fall of 1948, and the street boys in this small college town did a large volume of business during the football season. Every Saturday, when a football game was held, they would sell chrysanthemums with ribbons to the football crowd. A conservative estimate would be that about 10% of the 30,000 people who attended each game wore one of these "corsages" which retailed at from one dollar to a dollar and a half.

The location of the hawker is anywhere that there is a large amount of traffic. They cover shopping areas during the day, theaters in the evening, football games, subway exits, entrances of department stores, and even in front of cafe and bar rooms.

The other cut rate type of florist is the one that is primarily a promotional store that sells only flowers and plants. (and a few related items.) Their merchandising is similar to that of Raymonds' of Boston. Price is the big

Newspaper Ad of
Ed's, Kansas City

FLOWERS BY THE THOUSANDS!

AND AT PRICES EVERYONE
CAN AFFORD!
JUST A FEW SUGGESTIONS
FOR TODAY . . .

FRESH CUT, FRAGRANT

SWEET PEAS

2 DOZEN 50^c

FRESH CUT TABLE

**ROSES and
CARNATIONS**

FULL DOZEN \$1

FRESH CUT SPRING

JONQUILS

2 DOZEN 25^c

EXTRA FANCY DARWIN

TULIPS

FULL DOZEN \$1

LOVELY, FRESH, FRAGRANT

GARDENIAS

FLOWERS OF LOVE 25^c

Ed's

BEGS TO SERVE YOU TODAY
AND EVERY DAY 'TIL
MIDNITE!

• 12TH & MAIN
• 31ST & GILLHAM RD.

appeal combined with lots of excitement and showmanship. The best example of this type of organization is "Ed's" of Kansas City, Missouri. "Ed's" has two stores, one of which is downtown and the other is up-town in Kansas City. The painting of the stores, the signs and banners in the windows, and the stacking and display of the merchandise gives the stores a distinct promotional flavor.

Figure Two is a good example of one of their newspaper advertisements. This ad was taken from the Kansas City Star just before Easter, 1949. As the ad indicates, the whole plan of the shops is based on the price appeal.

Ed's has a very nice business and his volume of sales is especially good during flower holidays. It is interesting to note, however, that although Ed's also advertises for funeral work by putting small ads in the paper next to the death column, the volume of sales he gets from this source seems to be rather small, in comparison to

.(Figure Two)

his cut flowers and plants sold on a price basis, (according to a conversation of the writer with an employee of Ed's, Dec. 24, 1948). It may be that Ed's is trading down by his promotional appeal and when consumers want design work of a conservative nature, they prefer to go to the regular conventional floral designer. At any rate, Ed's is typical of the small class of florists who operate on a cut-rate appeal. From all superficial observations, Ed's seems to be doing very well judging from the traffic in his stores and from the fact that he is now operating two establishments on this price appeal basis.

It might be well at this point to mention some additional factors of importance in determining suitable locations for flower shops. From this point on, we are mainly concerned with the conventional floral designer although much of this discussion might also be applied to the promotional cut-rate shops as well as some residential florists.

Location is an important factor affecting success in the flower business. The shop should be situated in an area conveniently accessible to people who can afford to buy flowers and who use them as expressions of sympathy or affection for many occasions. The ideal location is one that is nearest to the greatest number of these people who are least adequately served by existing facilities. Obviously, the value of the location depends on the methods used to obtain business, and if the shop

is in the florist's home, business being obtained entirely from an established clientele, the location is of little value. But speaking generally, the location problem is of great importance. First in determining what city or town to locate in, the following factors should be considered: (1)

- "Number, type, and character of industries within the city and the surrounding trading area.
- Number of potential customers within the city and the surrounding trading area and the trend in the number of customers.
- Buying habits of potential customers within the city and surrounding trading area.
- Dispersion of wealth among the population.
- Purchasing power of the population.
- Nature and strength of competitors as related to the economic need for a store of the type under consideration.
- State and local legislation in the form of laws, licenses, and taxes.
- Banking and credit facilities available.
- Advertising media available and the circulation of these media.
- Strength and prevalence of trade unions (of little importance so far in retail flower shops).
- Location of wholesalers...Transportation facilities."

All of these factors are more or less self-explanatory except some question might be raised as to how one determines if there is an "economic need" for a flower shop, or the need for another flower shop if several are already there in the city or town. The United States Chamber of Commerce made a study of eleven cities based on data supplied by the United States Bureau of the

(1) Duncan & Phillips, Retailing Principles & Methods (Chicago: Richard D. Irwin, Inc., 1947) p.101-102.

Census. They set up a chart which could be used for cities in determining how many flower shops could be supported or economically justified in one area. It was their conclusion that a florist needed 6,666 people or to state it in another way, 1.50 flower shops for every 10,000 people in the city. (1)

In other words, if there were 66,000 people living in a small city, a new florist would know that other things being equal, that city could support about ten flower shops. If there were only three or four shops in that city, the florist would probably be all right in opening another shop, but if there were already nine or ten shops, the florist should be rather cautious in starting another shop as there might not be room enough for another shop to do well.

When it comes to choosing a site within the city or town, another series of problems become evident. (2)

"Estimated volume of business that can be done on the site..
Prospective customers' buying habits..
Kind, amount, and distribution of customer traffic...
Nearness to competitors and other types of retail stores.
Accessibility of site to prospective customers.
Availability of the site.
Site characteristics detrimental to retail outlets."

Traffic counts are of questionable value in that some of the business does not come off the street, but rather through

- (1) "Picking a Location for a Small Business" (Published by the State of New York, Dept. of Commerce) p.7
- (2) Duncan & Phillips, Retailing Principles & Methods (Chicago: Richard D. Irwin, Inc., 1947) p. 105-106.

contacts, telephone trade, and the like. However, they are a starting point in determining the amount of impulse buying (off the street) one might expect. The value of a good location is not only to get impulse purchasing, but rather by having an attractive location and layout, with a high visibility from the street, to keep the prospects aware of your shop so that when they need a florist, they will have you in mind. At present, the valuable part of the business does not come from the purchase of a plant novelty or the bunch of sweet peas for 75¢, but rather in the customer who constantly sees that the florist is available (through his convenient location) and comes to him with the \$25 funeral order.

Mr. Emerson points out that corner locations are preferred and theaters and stores handling luxury items are good neighbors for a flower shop. Also, because flowers are subject to damage by sunlight, a location on the side of the street which has the shade the greater part of the day would be better unless local preferences make people shop on the sunny side. (1)

Finally, the site selected should bring in a large enough volume of sales to pay the rent demanded for that location.

(1) James P. Emerson, Establishing and Operating a Flower Shop, (U.S. Dept. of Commerce, Washington, D.C.) p. 19

CHAPTER THREE

CHARACTER OF THE DEMAND FOR FLOWERS

A. Survey of the demand

The latest reliable survey taken on the demand for flowers was made by the Grant Advertising, Inc., Chicago, under the direction of the Sales Department of the Florist's Telegraph Delivery Association. (1) This survey was taken in ten cities (New York, Philadelphia, Cincinnati, Atlanta, Detroit, Chicago, Miami, Dallas, Hollywood, and Seattle.) A total of 8,938 persons including 4407 men and 4531 women were interviewed. The survey is probably as reliable as can be found anywhere in the industry as the FTD organization has a reputation for getting accurate information of this nature, so much so that the government relies on their figures for governmental reports and surveys. The survey might be biased in favor of wiring flowers as that is one of the main objectives of the FTD organization. The results of this survey gives some insight into the demand for flowers in this country.

Just over half, 51.6% of those interviewed, have sent flowers by wire at least once, while 48.4% have never done so. This indicates that there may be room for expansion of the use of this service. There has been considerable emphasis in some of the trade circles on the importance of educating the consumer to consider flowers as something to buy for every day, and not

(1) "Survey Sheds Light on Buying of Flowers", Florists' Telegraph Delivery News, January, 1949.

just for special occasions. This survey pointed this out as 44.2% of those questioned said they bought flowers for special occasions, while 31.5% said they buy them several times yearly. Only 12.4% buy them once a month, and only 2.5% of these people interviewed buy flowers once a week. 6.4% of those interviewed never buy flowers at all. The following breakdown was observed when the people were asked for what occasions they sent flowers by wire. (telegraphing the flower order to a florist in another city.)

Funerals	50 %	Other Special occasions	2.9 %
Birthdays	26	Gifts	2.5
Mothers' Day	17.8	For all special occasions	1.8
Anniversaries	15.1	Graduation	1.6
Weddings	10.2	Births	1.5
Illness	9.5	Social Engagements	.5
Easter	6.3	Congratulations	.3
Christmas	4.1	Decorations	.1
Other Holidays	3.8 %		

The computation of these percentages are based on the number of persons who had sent flowers by wire. Since some individuals mentioned more than one occasion for sending flowers, the total is more than 100%.

When asked about the cost of flowers, the following resulted: The people considered the cost of flowers

Moderate	26.5%
High	51.2
Exorbitant	12.9
Don't know	9.4

This seems to indicate that people think that the florist is charging high prices for their merchandise.

Possibly, the most significant findings of this survey was the fact that only 2.5% of the people, buy once or more a week and 44.2% of the people buy only for special occasions. It seems to indicate a tremendous field for expansion by the florists in changing the present public's habits of buying only for special occasions to that of more frequent buying and giving of flowers for everyday use.

A small survey taken by the writer and other students at Boston University during April 1949, seems to follow the same trend. This student survey was however, limited because the real purpose of the survey was to learn how to make surveys.

The interviewing was done by six students whose instructions were to give the questionnaire to the interviewee and make no comments unless the interviewer was asked a question; at which time, the question would be answered in such a way so as not to bias the answer. It is probably safe to say that every questionnaire represented an actual interview because the interviewers involved were sincerely interested in the project and each individual did get actual interviews.

The main limitation of the survey hinges on the proportionality of the sample. It was believed that if each interviewer distributed questionnaires in their own locality, a random sample would be obtained of the city of Boston because the six interviewers lived in different geographical and social-economic areas of the city. While in a general way this might

be true, it certainly was not the best scientific method of determining every significant class and whether each class was represented in the same proportion as it exists in the universe.

While there may be some margin of error, therefore, the sample was probably good enough to give some general trends. The survey, incidently, correlated closely with the accurate survey of the Grant Advertising Agency (see p. 46) as well as that of the Florist Exchange which follows shortly. Briefly, the findings were as follows: (questionnaire used is on p.50)

It was found that approximately 83% of the people interviewed (approximately 100 men and women in survey) had purchased flowers at least once during the past year. About 46% bought flowers for special occasions, about 32% for holidays, leaving approximately 22% for purchasing for the home, or miscellaneous purchasing. Here again, the indication was that at present, people buy flowers mostly for special occasions or for flower holidays, doing only limited buying for the home, or just buying flowers for no predetermined reason. Consumers admitted purchasing flowers from florists, grocery stores (chain stores), and street hawkers, although 95% bought more often from flower shops than any other outlet. Over 62% of the people interviewed said that they had bought absolutely no flowers for their home during the past year or had never bought flowers at all for their home. Also, 75% said they never bought flowers to bring to

BOSTON UNIVERSITY
MARKET RESEARCH PROJECT

Date.....
Interviewer.....

Name.....
Address.....

Occupation.....

Sex.....

DON'T KNOW 11
WITHIN PAST WK 20
I. WITH. PAST MO. 30
WITHIN PAST 6 MO. 18
WITHIN LAST YEAR 10
MORE THAN YR. 4

1. When was the last time you purchased flowers?

2. For what purpose or occasion? { Special Occasion 43
For the Home
Holiday 30
Misc. 8

NO ANSWER 4

3. Where have you ever purchased flowers? (Check one)

- a. Florist shop 82
b. Grocery store..... 3
c. Streetcorner hawker..... 21
d. Other..... 4

4. From which of the above have you purchased most often?

{ Florist Shops 79
Hawker 3
Other 1

5. How much have you spent on flowers:

- a. In the past month.....
b. In the past six months.....
c. In the past year.....

6. How often do you purchase flowers to brighten your own home?

{ Weekly 6
Monthly 21
More than Yr. 26
Never 32
No. ANS. 8
93

7.a. Is it customary for you to bring flowers when visiting friends or relatives?

b. Do others bring flowers to your home when calling? Yes 16
No 70
No. ANS. 7
93

8. Why don't you buy flowers more frequently?

1. ...Too expensive..... 58
2. ...No occasion..... 17
3. ...Don't think of it..... 12

9. Do you have your own flower garden?

10. Did you attend the recent flower show?

II.

1. a. Would you like to have flowers in your home?

b. If not, why not...? Do Not Want
Do Not like flowers 3; Allergic to them 3; No room for flowers 1

2. What type of flowers do you prefer. List five:

1. ..Roses.. Juncos
2. ..Orchids.. Tulips
3. ..Carnations.. Gardenias
4. ..Sweet Peas
5. ..Violets..

3. Would you like flowers delivered to your home frequently and automatically.....
on the same idea as the Book of The Month Club? Yes 35
No 56
Don't Know 2
93

4. How often: Weekly..... 14

Every two weeks..... 8

Monthly..... 13

5. Keeping in mind what you pay for candy, books, etc., what would you consider paying for such service. 610 - 19.99 2

0-99.99 12
1-2.99 14
3-4.99 7
5-9.99 6

920 + over 2
DON'T KNOW 2

(FIGURE THREE)

friends and relatives, when visiting. When asked why they did not buy flowers more frequently, over 62% of those questioned said that the flowers were too expensive. Eighteen % said they had no occasion to buy while 12% said they did not think of it.

This might very well indicate that education by the florist to the consumer might make him think of buying more often as well as to get him to purchase even when the consumer had "no occasion". Possible more important as to the actual expense of flowers is the fact that a large portion of the population think that flowers are expensive.

The real expense of an item has a lot to do with the value a person places on the item. A person who buys a Cadillac for a prestige symbol does not consider his purchase extravagant. Perhaps flowers are expensive, but if people placed a certain value on the flowers, maybe the expense wouldn't seem too great. It has been observed that when the consumer learns that it takes ten years to grow a first class orchid plant, he is more willing to pay five dollars for the blossom. No attempt is made here to justify the retail prices of floral produce, but the writer is trying to point out that the expensiveness of a produce is tied up with the prestige worth and psychic value that the consumer and society places on that article.

In examining the demand for flowers more carefully, it is interesting to note that seasonal factors effect the demand

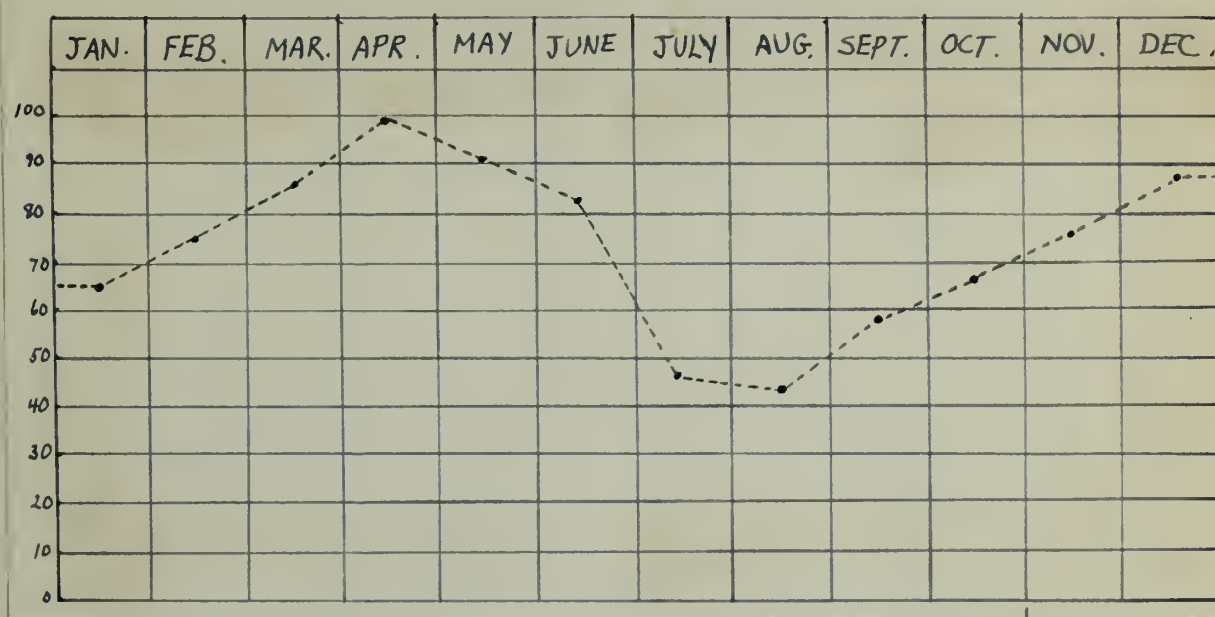
for flowers. In general, the winter season brings a demand for flowers that is higher than in the summer, probably largely because during the summer, many flower buyers grow their own produce and buy little from the retailers.

In examining the seasonal demand, it is found that during January, business is dull except for New Year's. In February, the demand picks up somewhat around Valentine's Day. During March, business steadily improves and the high point of the year is reached during April (when Easter falls in that month.) Business is probably best from the period of Easter until and including Memorial Day at the end of May. June is a good month with the demand for flowers coming mainly for weddings and graduations in addition to the regular business.

During July and August, the demand drops, and the retail business is at its lowest ebb. During September, the demand starts to pick up a little, and during October, business becomes fairly good once again. November and December are very good months due to Christmas and Thanksgiving, but the demand generally does not reach that of the height of business from Easter to Memorial Day.

On page 53, there is a chart that shows the monthly sales volume of an "average" florist. The chart percentages have been set up by the United Film Service Company of 2449 Charlotte Street., Kansas City, Missouri. The chart gives some

Monthly Sales Volume for Average Florist in United States



(Figure Four)

indication of the fluctuating of sales volume from month to month by the so called average florist. It is set up on a percentage basis, the April sales being considered as 100%, and the other sales volumes of the other months are shown in relation to this April figure. Clearly the poor season (with little demand) is during July and August when it is only approximately 40% that of the high month of April. These figures are estimates to the nearest 10% so are not to be considered as completely accurate, but are shown merely to indicate the trend of seasonal fluctuations. No information is available as to the number of firms included in the survey or how the survey was taken, but the chart can probably be accepted as a good indication of fluctuations, on a seasonal basis, in the retail flower industry's volume of sales.

A survey of fifty representative flower shops in this country revealed that from sixty to sixty five % of the florist's sales were in funeral work. It also revealed that from twenty to twenty five % of sales were for special occasions, while from ten to twenty percent of sales were for hospitals and miscellaneous buying. Only two to three percent of the consumers' purchases were for their own home use. (1)

This survey is more or less consistent with the ones given previously in this paper. There is a strong indication that there is a huge potential of sales available that the florist has hardly tapped. It is possible that emphasis of flowers for everyday use and for the home by the florist, will open wide huge new markets. Possibly, it might prove beneficial to emphasize that it is "smart" to use flowers for everyday use and especially for use in the home.

The potential market probably exists with the middle income group. Millions of people do not buy flowers except when they have to, for funerals and the like. If flowers were promoted to the mass market at prices they could afford to pay, the volume of business the industry would get would probably increase greatly. The key would be to get the average person to want and to be able to get flowers for their home and for no special occasion. By increasing the volume of sales, the prices

(1) Survey taken by the Florist Exchange magazine during 1948.

could be brought down somewhat due to the volume of produce handled. It might be possible to bring the buying of flowers down from that of a class market to that of a mass market, something that would benefit not only the industry itself, but would bring happiness to the average person who could then enjoy flowers in his home at all times.

The types of demand for flowers may be broken down into two classifications. There is a consumer demand for flowers in general and a consumer demand for specific products. The consumer's demand for flowers is unusual in that flowers are bought to satisfy some emotion. Very few flowers are purchased for any rational purpose. In the general demand for flowers, it is found that consumers buy at three different times. There is a holiday demand, a special occasion demand, and a general demand.

The so called holiday demand is one in which people buy flowers in celebrating eight different holidays during the year. Throughout the years, it has become habit or custom for many people to have flowers on these holidays. These flower holidays are Christmas, New Year's, Valentine's Day, St. Patrick's Day, Easter, Mother's Day, Memorial Day, and Thanksgiving. On Christmas, consumers want Christmas trees (table and floor size), wreaths for the doors and windows in their homes, window decorations, Christmas baskets, all sorts of

table decorations of evergreens, camellia corsages, rock gardens, red cut flowers, holly, mistletoe, and poinsettia plants.

On New Year's, there is a demand for some cut flowers, but most of the customers want corsages of all types. Orchids sell well on this holiday. On Valentine's Day, cut flowers, bouquets, and corsages are desired by the consumers. There is some demand for old fashioned bouquets, sweet peas, and violets. Heart novelties and heart shaped packages with corsages inside are appealing on this holiday.

On St. Patrick's Day, the call is for green carnations and green shamrocks. There is some cut flower buying, but this is secondary to the demand for the green flowers. The Easter holiday brings a call for corsages to wear in the Easter parade as well as some cut flowers for the home. There is some call for rock gardens and a large demand for all types of potted plants. Azaleas, Easter lilies, rose bushes, hydrangeas, tulips, jonquils and other plants are desired at Easter.

On Mother's Day, it has become traditional to wear red carnations to honor living mothers, while white or other light colored flowers are worn in memory of those mothers who have died. In addition, there is some demand for cut flowers, especially carnations and roses. Gardenia and azalea plants are also called for to some extent on Mother's Day.

On Memorial Day, decorations for the cemetery are wanted. The consumer calls for wreathes, cemetery bouquets,

potted plants and outdoor flowers. Some veteran organizations want special decorations made of poppies for this decoration day.

Finally, on Thanksgiving, pom-poms and chrysanthemums are used in boxes of cut flowers, bouquets, and for table decorations. Corsages of pom-poms and chrysanthemums are also popular at this time. It is difficult to say, in all these holidays, whether the demand caused production for these specific flowers or whether the production or growing of the produce at certain times led to the demand. However, at the present time, the public does demand the different types of produce for these different flower holidays.

This second breakdown of the general demand, that of the special occasion demand is unique in that people are either celebrating the special occasion or expressing an emotion by buying and giving flowers at this time. The special occasions may be classified as follows: weddings, birth of babies, sickness, funerals, engagements, showers, religious occasions, parties, banquets, bon voyage, birthdays, anniversaries, congratulations, courting women, and thank you occasions. The weddings and funerals are probably the most important from the florist's point of view. As has been already pointed out, the funeral work is in most cases the real "bread and butter" work of the florist. Here, the florist does his big design work, making wreaths, sprays, door crepes, pillows, baskets, cushions, casket covers, etc.

In most cases, custom and tradition has caused people to buy flowers on these special occasions. It is simply "the thing to do", and it is expected that there be flowers at funerals, for example. Some observers might remark that the deceased can't smell them, but there is no doubt that the floral background does contribute favorably to the funeral service and does express sympathy and understanding from the people who send them. It is, however, unfortunate that many individuals have to wait until they die before they have large amounts of flowers sent to them. How much better it would be if individuals could enjoy the beauty and fragrance of flowers while they were living.

This brings us to the third breakdown of the general demand, that of the demand for flowers for the home or for no special occasion. At present, only a small volume of sales are made on impulse or for no special occasion. This is probably due to the comparatively high cost of flowers and also because thus far, the florist has done little to educate or encourage this type of demand. There is some purchasing done on impulse by buying of some, of cut flowers or some purchasing small items from the florist's window (such as plants, novelties, small bunches of flowers), but most of the purchasing of flowers, at present, comes from a desire to get flowers, even before the retailer's shop is reached. When the consumer enters the shop, it is a matter of determining what kind of produce he or she wants, and what color will be chosen. In these instances, the

basic desire to purchase for the holiday or for the specific occasion probably has been determined even before the shop is reached.

It might be note worthy to point out here that men do buy flowers. According to a recent survey made by Time magazine, male readers of Time selected flowers as the ideal gift for the "women in their lives" for more occasions than they chose any other item. They indicated they chose flowers 1,193,000 times, while candy was chosen 1,043,000 times, and clothing 518,000. Also, jewelry was chosen 483,000 times; lingerie, 336,000 times, and perfume was chosen 318,000 times. The sample was somewhat biased as it included only Time readers. Here again, however, it is very probable that the men were purchasing for their wife's birthdays' and anniversary's and not bought on impulse or for no special occasion at all.

The exact question asked is not known but it was probably something similar to, "What item or product do you buy for 'the woman in your life' when purchasing a gift?" The point here, is that men do buy flowers for gifts, and they say that they buy flowers more than candy or other products. It is important to note, however, that a survey of Time readers would be likely to include only the upper income groups in the business and professional fields, and the survey is not typical of the population as a whole.

The second broad type of consumer demand may be class-

ified as that of demand for specific floral products. That is to say, there are certain flowers that are preferred over others and there are even preferences as to type, grade, and color of certain blossoms. In the survey mentioned previously that the writer and other students took at Boston University, it was found that roses were overwhelmingly preferred by almost every person interviewed. This preference correlates accurately with the actual buying practices as more roses are sold at retail than any other flower product.

Also, high preference was shown for orchids, carnations, sweet peas, violets, jounquils, tulips, and gardenias. Not only is there a changing demand for different flowers and plants for different holidays, but also different seasons of the year bring in different flower demands. These demands are probably stimulated to a great extent, by the growing of different flowers during different seasons. (Example, during the summer, asters and zinnias are grown outside of the greenhouses.)

The demand also varies according to the individual flower shop. Certain shops attract certain individuals and some city florists find that their customers have a more "refined" taste than are found in other shops. This refined taste is apt to develop into a demand for flower varieties that are rare, while the conventional florist is apt to find that his staples are the ones that are mostly in demand.

In addition, different sections of the country and even

different cities and towns have their own preferences for different varieties of flowers. It is an ever changing problem, and one in which the florist must be acutely aware of.

The types of customers that a florist deals with may be arbitrarily broken into three groups. First, and most desirable, is the regular flower buyer. He or she buys throughout the year for special occasions, holidays, and even buys flowers for the home. This type is the regular customer who buys flowers all the time because he or she likes and can afford flowers. The second type is the one who buys flowers only when they feel they have to, for a specific occasion. This type will only purchase funeral or wedding flowers, or perhaps flowers for a birthday, as it has become a family custom or tradition. The third type of buyer is the person who only buys on holidays such as Easter or Christmas. Attached with the significance of those days, he or she associates flowers, but will buy only on such occasions. It is desirable, of course, for the florist to have as many regular flower buyers as possible and the florist's job is to try to convert the occasional and holiday buyer into a regular flower purchaser. On the average, at least 70% of retail sales are made to the regular customers. About half of these customers are reported to have incomes of \$5,000 or more per year. (1)

B. Analysis of Consumer's Wants

(1) Letter to writer from Dun & Braadstreet, dated May 31, 1949

In a survey taken by Professor N.H. Comish of the University of Oregon, people were questioned as to why they stopped trading at flower shops in that state. This was compared with other types of stores. There were 677 answers given in the questionnaires for flower shops and 21,755 answers for all types of stores combined. The results follow: (1)

<u>Reasons</u>	<u>Percentage of Reasons Given</u>	
	Flower Shops	All Types of Stores
High Prices	37.4	23.59
Poor Quality of goods	11.8	12.31
Delay in store services	8.9	10.05
Indifferent Salespeople	6.1	8.48
Errors by the store	5.2	3.95
Attempted substitution of goods	5.1	4.35
Haughtiness of salespeople	2.9	6.18
Overinsistence of Salespeople	2.7	6.38
Wrong policies of management	2.7	3.18
Tricky methods	4.0	2.97
Store arrangement or appearance	3.3	4.37
Misrepresentation of goods	3.0	6.87
additional reasons to make up 100%		

This survey is qualified, however, in that these are the reasons consumers gave when asked, and might be rationalizations of other reasons, to some extent. Also, this survey is limited to opinions of consumers who were dissatisfied, and does not reflect the positive reasons of those who were satisfied.

Personal interest by the florist seems to be important to consumers. They seem to want the florist to take over their

(1) "Why Customers Quit Trading at Flower Shops", N.H. Comish, Prof. of business administration, University of Oregon.

floral problems, and they rely on the florist for his technical knowledge in colors, designs, etiquette, etc., on which subjects, the customer looks to the florist for advice and help.

The florist's floral design ability is very important as many times it is this ability he sells, rather than his individual stock or produce. In many shops, customers demand delivery and credit service. This becomes important where there is all or a large amount of telephone business. There also seems to be a trend toward modern and fancy packaging according to the Modern Box Company, of Brooklyn, New York. In the final analysis, the evaluation of each consumer service want would probably depend on the individual flower shop and the characteristics of the consumers whom the flower establishment caters to. Probably no two stores will be exactly alike.

C. Probable Effect of Price on Demand

The demand for most flower buying is based not fundamentally on price, but rather on the necessity to buy flowers for some special reason. That is, for holiday and special occasion buying, the consumer is primarily purchasing because he or she feels that they need or want the flowers for the occasion or the holiday, and price is a secondary consideration here.

The price however, will effect the type of flowers purchased. For example, on Valentine's Day, if violets are too expensive, the buyer will switch to sweet peas. Of course, on

the lower end of the scale, some customers will leave the store and buy candy or some other product, leaving flowers completely alone. This happens if the florist cannot show the consumer some flower substitute. To quote Mr Laurie,

"The demand for flowers in general is greater at holidays, and at that time price doesn't cut much figure." (1)

Of course, even with this special demand (on special occasions and holidays), if the prices are dropped, the volume will be somewhat more. A low price policy will naturally tend to attract volume business, but some customers will not patronize the florist because they might assume that the quality of the flowers and service will be poor. It would probably take some time to build up a policy and reputation of good quality and service at lower prices. Price also effects the quality of the goods as there is forcing of growing to meet the flower holidays, so often, the merchandise is not of the best qualities at these times.

When we come to the general demand for impulse goods, home decoration, and for no special occasion, price becomes a very important factor. Other things being equal, the lowering of the price will increase the demand of this impulse type of floral products. Unfortunately, no large surveys have ever been published on this point, but articles in the various trade journals point out that recognized cuts in prices in impulse merch-

(1) Letter to writer from Alex Laurie, Prof. of Floriculture, Ohio State University, dated May 4, 1949.

andise, have brought in a large increased demand. Prof. Laurie says very generally that on this general demand, price does make quite a difference in the purchase and use of flowers. The difficulty the florist faces, however, is in trying to control the price. This, in most cases, they find very difficult, as the growers really do this. So the problem is not what the florist wants to sell the produce for, but rather what the market charges for the produce, the growers, the weather, the season, the supply on the market, and other factors.

It should be noted however, that price is not the only factor that is important, even with this general impulse demand. During July and August, for example, when people grow their own flowers outdoors, or are away for the summer, or do not buy because of the heat, even the dropping of the retail price stimulates the demand only slightly. If the consumers do not want or feel that they do not need flowers at certain times, unless the florist can educate the customer differently, price changes or price lowering by itself will not be too effective in increasing demand.

The leveling off of prices, especially during holidays and at special seasons, would probably help the industry. According to a Dun & Bradstreet report, retailers express a strong desire to see this happen. A step that Thomas Young Orchids, Inc., has taken to stabilize the prices of orchids was reported in a recent item in the New York World-

Telegram. Young persuades its customers to take a stipulated number of orchids each week. In this way, the growers can plan ahead and pass the resultant savings along to the customer. The clash of two opposing ideas on the sale of orchids possibly sets the tone of opinion on prices in the entire floral industry. On the one hand is the idea of keeping the orchid as a luxury item at luxury prices. Dropping the price and widening the market destroys the appeal as a luxury item. The other side of the argument is expressed by Mr. Dible (see Chapter Seven) who says that only one woman in five has ever had an orchid. He wants to bring down the price so that every woman in this country will have one at least once a year.

At present, probably the main method being used by the retailers in setting prices, is to figure what the merchandise costs, add expenses and a profit to this, the total being the retail price. Leaders of the industry constantly state, and probably rightly so, that the grower and retailer should pay less attention to their costs and more attention to what the consumer wants and can pay for his floral needs. They believe that by creating a desire for floral merchandise through promotion and by offering prices within the range of the "average" person, the demand for general impulse, home decoration, etc. floral goods would be sharply increased.

In pricing for floral products for special occasions, the main method of pricing here again, seems to be on a cost plus

basis. In much of this special occasion buying, such as in weddings and funerals, there is a large element of design work necessary. In such cases, the florist is apt to figure not only his time expended on the design, but also his design ability, as "expenses" which must be considered before adding his profit. Therefore, in such work, the cost of the flowers is not the only important element in figuring the retail price.

In summary, in determining the elasticity of demand for flowers, it is not accurate to state that the demand is either elastic or inelastic. The demand is elastic in that generally speaking, if the quantity of flowers purchased for resale is increased, and the retail price lowered, the volume sold at retail will increase. This elasticity, however, is not necessarily stable. As pointed out, the demand for flowers for special occasions and holiday buying is primarily dependant on the consumer feeling that it is necessary to buy on such occasions. Yet, even in such instances, the dropping of the price, will encourage more volume. When it comes to the general demand, price becomes even more important, and is probably the main factor which controls the volume of sales for this type. If the customer feels however, that he or she does not need or want flowers at certain times, it seems that price changes by themselves are not of extreme importance. It is probably correct to say that the demand is elastic and responsive to price changes, but this elasticity is not stable, but fluctuates widely.

CHAPTER IV

MERCHANDISING METHODS

A. Problem of stimulating demand

"The various types of sales promotion are excellent in stimulating demand, particularly newspaper publicity and direct mail..." (1)

Unfortunately, the above statement is typical of the general attitude toward sales promotion in the flower business. The authorities like Prof. Laurie agree that sales promotion is important, yet there is no accurate statistical information available showing exactly how valuable each medium is on a percentage basis. Assuming that the leaders of the industry are correct, an attempt will now be made to determine the value of the various methods and procedures in stimulating the demand.

If we broke up our demand into two factions, primary and selected, it would probably be found that, for example, price advertising and display would be important for primary demand while keeping the firm's name before the public might prove beneficial in stimulating the selected demand. For purposes of clarity in this paper, the demand has been broken up into the arbitrary classifications of holiday, special occasion, and general, also for the sake of understanding, the value of merchandise promotion shall be treated on this basis.

The obvious answer to the question "Can demand be stimulated?", is an emphatic "Yes"! The real problem is not whether

(1) Ltr. to writer from Alex Laurie, Prof. of Floriculture, Ohio State University, dtd May 4, 1949

the demand can be increased, but rather how can it be increased under certain conditions and to what extent.

The total demand for flowers can be increased by making known to the consumer the value of flowers and the fact that he or she wants and needs flowers. Also the total demand can be increased by merchandising the flowers and plants in a more attractive manner as well as merchandising the produce in a more economical way.

As pointed out previously, the general demand for flowers for the home, for impulse buying, and purchasing for no special occasion, can be increased by selling the produce at prices the consumers can afford to pay, and by promoting the goods to the prospects and customers. Probably the conventional florist would accomplish little by plastering huge signs in front of his shop of "Everything half price", other than making his store into a cut-rate shop. His only procedure might be to have a consistent policy of selling quality merchandise at popular prices, while he tells the public what he is doing, by using sales promotional methods which are not offensive.

When it comes to the holiday and special occasion demand, there is a different problem present. Here it is not a question of how much more the individual florist can get a person to buy, but rather to get the consumer to buy flowers from him and to continue to buy over a period of years. For the general demand, the florist is interested in immediate sales to a

large extent while in this holiday and special occasion demand, the florist mainly wants to have a clientele who will come to him for all their floral needs. The bulk of his business is made up at present with this type of buying and he wants to keep it, as well as increase it, if possible. His problem is not trying to sell a person two sprays rather than one, but rather to attract the customer into his shop. The consumer relies on him to take care of his flower needs on these special occasions.

The type of promotion that is probably best suited for this purpose is institutional advertising and sales promotion. The idea is to create such an over all impression, so that the customer will come to the florist instead of going elsewhere. This impression is created by the florist in his newspaper advertising; in his direct mail literature; in his window and interior displays; in his over all operations; in his fair dealings; and in his quality merchandise and services which give him his reputation that makes or breaks him.

It is conceivable that a "florist" could do absolutely no advertising or promotion, and not even have a store, (doing his work in his home) and it might be possible to make a profit due to getting business through friends and relatives. Or if the florist uses a price appeal, he could have a cheap looking shop and window, as perhaps a promotional appearance of his shop might stimulate business, as people would feel that they were getting bargains. But the conventional floral designer,

probably finds that almost every improvement in his shop, in its appearance, and in his promotion, results in the long run, in more business for him.

It is a twofold job. It is an attempt to make immediate sales of impulse items, for the home, and for no special occasion, and also by institutional work, to make customers who will deal with the florist on the flower holidays and on those all important special occasions (such as for funerals, weddings, decoration jobs, birthdays, etc.)

B. Value of Window Displays

The store front and the window displays of the florist are of importance in achieving both point of purchase sales and to establish prestige and a favorable institutional appeal for the shop. The store window is the "eye" of the shop and it reflects the character of the store. It gives the customer or prospect some insight as to the merchandise the store handles, the services offered (such as flower telegraph service), and the artistic or design ability of the florist. The window is also used to interest the customer in the value and use of flowers and is really a salesman of not only the flower shop itself, but also to some extent of the entire floral industry. The window and attractive window displays that reflect the character of the store as well as being in harmony with the season, are an important part of any organized sales promotional plan.

"What the florists of this country need is a good "

advertising program. Not a spasmodic hit-or-miss program but a dignified, well-conceived plan of sales promotion..." (1)

C. The Effect of Advertising and Sales Promotion

The amount of money the florist will spend on advertising and sales promotion is generally figured on a budget basis. The most common method of figuring a budget is to estimate sales for the coming year and then to set aside a certain percentage of this estimate for the advertising budget. Of course, deciding the exact amount is an individual decision, as each shop is different and has its own individual problems. The general principle is to earmark from about 2 to 4 % of gross sales for this purpose, although some florists have spent as much as 10% for this purpose of an advertising budget. (2)

This advertising allowance should be broken down or budgeted for each month and also a breakdown should be made by type of media. Possibly, about ten % of the budget should be set aside for a reserve which should be used to capitalize on special deals that the florist might come across and for which he has not planned. For example, he might have an opportunity to make a very favorable purchase of cut flowers and this reserve would be used to promote such a special purchase by running a sale of this special merchandise.

- (1) Harold R. Hewey, "Advertise to Perpetuate", The Florist & the Future, Detroit, Michigan, Florists' Tel. Del. Asso., p. 29
- (2) S.H. Weaver, Field Representative, Zone One, Florist Telegraph Delivery Asso., November 1948.

Another ten percent would probably go for donations to organizations and individuals. About ten to fifteen percent of the budget could go for the miscellaneous forms of advertising such as radio, novelties, blotters, etc., while the remaining 60 or 65% would be used for either direct mail advertising or newspaper advertising, or a combination of the both. The decision of whether to use mostly direct or mostly newspaper advertisements depends to a large extent on where the store is located, the type of customers the florist caters to, where the customers and prospects are located, and what the florist is mainly trying to do in his advertising.

As a general rule of thumb it is probably true that when the florist is located in a town or small city, it is more economical for the florist to use newspaper advertising mainly, and to supplement this with the direct mail. Also, if the florist is a leading florist who is well known in a large city or is centrally located, he will find it more economical for him to use the newspaper advertising. Neighborhood flower shops, those in secondary shopping areas, those not centrally located or without a "name," and those who have a large personal following would probably be better off in using mostly the direct mail advertising.

Newspapers can be used for both immediate sales and for institutional work. A good example of immediate sales advertising is presented on page 41 of this paper. However, this

case is one in which a strictly promotional shop is involved. It is questionable, just how effectively a conventional floral designer can use this type of newspaper advertising. However, newspaper ads seem to prove effective in advertising for special occasions and flower holidays. Demand is stimulated by advertising just before and during flower holidays. In addition to this, institutional advertising is done on a small scale. For example, Penn of Boston constantly has a column inch ad next to the funeral notices in Boston papers daily, over a period of years. While this is used to get the special occasion demand for funerals, its other purpose is to keep Penn's name before the public. (Here are two examples).

Penn, the Florist, Newspaper Advertisements



(Figure Five)

Here are a few more examples of an attempt to keep the name of the shop in the public eye.

Barnes & Luther Florists, Newspaper Ads.
59 Years of Service to Greater Kansas City



(Figure Six)

These are strictly institutional ads. designed merely to give the florist's name, address, and telephone number.

Newspaper Ads of Chandler's



**To Your
VALENTINE**

- Beautiful Plants
- Roses
- Spring Flowers
- Corsages

By Wire Guaranteed Bonded Service

CHANDLER'S
Flowers

COUNTRY CLUB PLAZA
101 W. 47th WE. 5800

**Really Fine
Lilies!**

We Invite You to See Them
Order Now for Easter

- Roses
- Corsages
- Spring Flowers



Country Club Plaza WE. 5800

CHANDLER'S
Flowers

(Figure Seven)

Newspaper Ads of Schling

S. S. America sails June 21
S. S. Queen Mary sails June 21

*Flower
Gifts
of called*

Sanitation wants to run milk prices to a formula using the Cornell State College of Agriculture's index of dairy farming costs and the wholesale commodity price index. Another group, the New York Milkshed Price Committee, is suggesting a formula involving computations almost as complicated as the theory of relativity. Its aim is to influence production, as well as support prices. Three factors would be employed. The first is the wholesale commodity price index, which would keep milk prices tied to broad economic trends.

(Figure Eight)

Here are two examples of advertisements of Chandler's of Kansas City, Missouri. These two ads appeared in the Kansas City Star just before the two flower holidays of Valentine's Day and Easter, 1949. The purpose is to stimulate sales on these flower holidays.

Here is an example of advertising for a special occasion, that of a ship's sailing, and

the suggestion is given to say "Bon voyage" with a flower gift. The shop is the well known Max Schling of New York City and the ad was placed in the Wall Street Journal in June of 1949.

Some florists in large cities find it worth while to advertise in newspapers as an association project. The florists in St. Louis have tried this and they

find that making the public aware of the florist industry has benefitted the retailers and growers alike in their area. (1)

In using direct mail, both immediate sales and institutional appeals can be used, but here again it is questionable as to just how much additional demand is created. Its greatest value might very well be in keeping the old customers. In the general impulse or price buying, some new demand can probably be stimulated, but at present, probably the greatest use in direct mail is made before flower holidays or in increasing or stimulating special occasion buying. Since direct mail is the "rifle method", direct hitting seems to be most effective in covering a select group for a specific, select, purpose.

A good example of this, is in sending to a list of people who have announced their engagement, a booklet on "What every bride should know", in an effort to get the wedding decoration and bridal floral order from the bride-to-be. On the other hand, strictly institutional work can very well be done in direct mail. Penn puts out a little eight page booklet every month called the "Penn-Trail", which has short articles about flowers of general interest to everyone.

In addition to window and interior displays, newspaper and direct mail, there are a number of other forms of advertising that may be used by the florist. Generally, it has

(1) St. Louis Post-Dispatch, St. Louis, Missouri, Sunday, Feb. 6, 1949.

been found that these miscellaneous methods are best used to supplement the main forms of promotion mentioned above. For some undertermined reason, results of florist's merchandising reveal that these other forms effectively fill out the florist's program, but are not the most effective methods he can use. The reason might be that these other media are harder to measure in the results that they produce as they are used mainly for institutional advertising.

Radio may be used to advertise for a specific flower holiday, but its most effective use seems to be only after use over a long period of time. Generally, the florist is limited to spot announcements due to the high cost of a regular program. Outdoor advertising such as billboards, car cards, etc., have been used by some florists. This sign and poster advertising is especially good for association advertising, say florists of the St. Louis Association of Florists. The Society of American Florists has flower posters available for florists who desire to purchase them. Generally, these posters are limited to pictures of flowers or shops, and the name of the florist, with his slogan. This form of advertising is limited by the small amount of space and the limited amount of copy that can be used to be effectively seen.

Other forms of advertising are blotters, match covers, calendars, booklets, novelties, trade advertising in the florist's magazines, movies, inserts, and national magazine advertising,

(done mainly by the Florists Telegraph Delivery Association.)

In addition, all types of publicity that keep flowers or individual shops in the news are another effective means of sales promotion. As in other problems, the exact methods that the florist uses depend to a large extent, on his individual shop, and the type of clientele that he is catering to. For this reason, broad generalizations are dangerous.

Arbitrary percentages have been set up for the general breakdown of the advertising budget. This breakdown was arrived at by questioning florists in Boston, St. Louis and Kansas City, but is limited by its very small sample. Each florist has different problems and can only arrive at his own solution by experimentation and long experience. For example, a florist specializing mainly in wedding decorations, might find it best to spend practically his entire budget in elaborate direct mail pieces to prospective brides. It is safe to say, however, that practically all forms of sales promotion are somewhat beneficial to the florist. It is up to the individual florist to decide, however, just what combination of media or in what specific medium he can best make use of his advertising dollar.

Some florists have attempted to set up a flower of the month club. It was hoped that once consumers got used to the idea of having flowers in their homes, they would purchase more frequently in an attempt to beautify their dwellings. Generally the scheme has been to charge a certain rate for the year, and

flowers would be delivered to the consumer every week, every two weeks, or every month, depending on the arrangement with the customer.

In the survey taken at Boston University (see Chapter three), we found that the majority of people said they would like to have flowers in their home. When they were asked if they would like flowers delivered to their home frequently and on the same idea as the Book of the Month Club, however, they lost some of their enthusiasm. Out of 93 people questioned, 35 said they liked such an idea, while 56 did not, and two didn't know. Of the 35 who liked the idea, 14 would like to receive the flowers weekly, 8, once every two weeks, and 13 wanted them once a month.

When it came to price, we lost even more potential customers for the club. When asked what they would consider paying for such a service, 2 didn't know, 2 wanted to pay less than 99¢, 14 would pay less than \$2.99, while 7 were willing to pay from \$3.00-\$4.99. Six were willing to pay from \$5.00-\$9.99 for flowers once a month, while 2 would pay from \$10-\$20, and 2 would pay over \$20 a month. Briefly, on a monthly basis, only 17 people out of 93, or 18% would be willing to pay \$3 or more a month for the service of receiving flowers at their home once a month. Three dollars is probably the minimum order the retailer could handle and still make a profit as delivery of the flowers alone would cost the retailer from 35¢ to 60¢ a parcel depending on

the volume and the distance of the delivery from his shop.

There is a potential demand for the flower of the month club, but the real demand comes from the upper income groups. In almost every case, the small percentage that desired the service were from the upper income group. It might be advantageous for a florist who caters to the upper income groups to introduce such a system to his customers and prospects.

The florist should keep in mind, however, that for some reason, thus far undertermined, the clubs have not worked out to any appreciable degree. It may be due to the fact that the florist finds that his operating expenses of delivery, packaging, and credit become so high under this system, that it discourages any active promotion of such a project. Perhaps the florist finds that these operating expenses are so high, that they leave him with but limited return on his effort extended. Although the florist's final profit on this project does not seem to have been high, his investment has been small. It consists of some direct mail promotion to a list of prospects, and the tying up of some working capital until the customers pay for the service. Still, it might be to the advantage of some florists to try out this club idea where he finds a demand for it.

D. Supplementary Merchandise

Many florists find that it is worth while for them to sell the so called allied items along with their regular merchandise of cut flowers and plants. There are holiday items that

are expected to be found in the shop such as Christmas baskets and trees, wreaths on Memorial Day, etc. In addition to this, there are allied items that are closely related to the flowers which customers like to buy in flower shops. Rock gardens, Ming trees, and other novelties that contain growing plants are carried by the florist all year round. In the Spring, many florists carry seeds, plant food, and items to be used in gardens throughout the Summer. Many florists carry various types of pottery, and practically all flower shops have vases and other containers to be sold either with the flowers or as separate items when customers so desire them.

Some florists supplement their stocks by carrying a large number of gift items such as English Dalton china, lamps, and even antiques. Not only do these items add prestige to the store, but a high markup can usually be obtained on such goods.

Some florists have gift wrapping paper, ribbons, and specialty paper supplies such as flower stationery, reprints of paintings, etc., in their shops. A number of florists have displays of greeting cards. This is a convenience to customers who wish to send greeting cards along with their flower purchases, and it is also useful in getting tie in sales. It is a method for inducing people to come into the shop only to get a card, and then getting them to buy other merchandise too. Probably at least one or more of the above allied items will be found in almost every flower shop in the country.

Many times it will be found that the supplementary

goods are really allied items to the flowers and plants. In other words, they are products that are closely allied to the flowers either by being a growing thing such as seeds, Christmas trees, etc.; or closely related to the flowers and used in an effort to dress up the flowers (pottery, vases, etc.); or other items that can be used as gifts. If it is artistic and can be used for decorative purposes, from china to paintings, it may have a place in the shop. Care must be taken by the florist so that he does not devote too much time, space, or money, for the supplementary merchandise, as this merchandise should still only be supplementary to the main business of selling flowers and plants.

A few florists have tried to carry "Competitive" products such as bottled liquors and candy. According to the Florists Telegraph Delivery Association, however, this practice does not work out too well as the candy and liquor actually competes with the sale of the flowers rather than supplementing the main line, in the way that vases, art works, candles, and greeting cards do.

Possibly, a good rule for the florist to follow in deciding whether or not to carry certain allied items would be to ask, "Will it help me sell more flowers and plants?" If the item will help the sale of the flowers in the long run, it would probably be safe to carry the item, making sure however, the supplementary merchandise is not allowed to crowd out the all important bread and butter business, the floral products.

E. Layout of the Store

In layout out the furniture and equipment of the shop,

it is important to keep in mind that it is desirable to have the shop as attractive and inviting to the customer as possible while at the same time, to provide the most effective utilization of the space so that the florist may operate efficiently.

The most important piece of equipment is the refrigerator which is used for display and for keeping the bulk of the perishable goods in good condition. In an ideal layout, it should be centrally located so that it will form the main part of the interior display and it will be easily accessible from the work room. A modern refrigerator costs from about \$1000 to \$5000, depending upon the size and the elaborateness of the case. It is also important to have attractive wall and counter displays so that plants, rock gardens, novelties, and allied items may be shown off to best advantage.

A nice impression is sometimes gotten by having all the equipment blending in together to create one over all impression that is appropriate to the class of customers the florist is catering to. Both the backgrounds to the display equipment and the walls of the shop should be painted a very light gray, gray tan, cream gray, or eggshell in order to set the flowers off to their very best advantage. (1) The decorative studios further advise that the floor should be of a dark, rich tone, while the ceiling should be of a light neutral color.

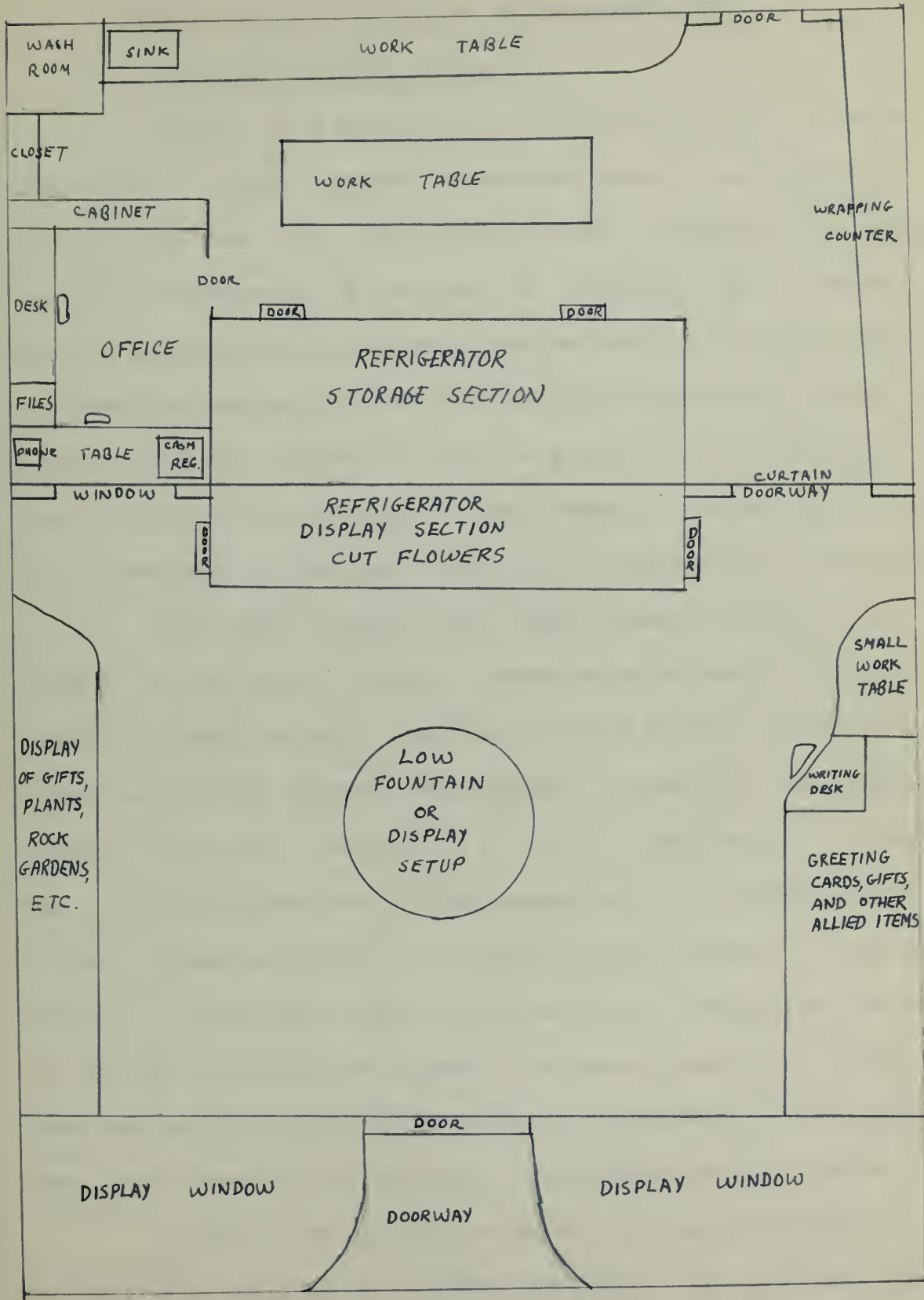
(1) According to the Decorative Studios of the Sherwin Williams Paint Company.

They state that this color scheme will show off the flowers and plants in the best possible light. Modern lighting is also of some importance in the interior of the shop. A special type of fluorescence bulb has been produced by the General Electric Company, which will not distort the natural coloring of the flowers.

Other fixtures that most shops have are a cash register, a small work table, a writing desk and chair, and some have more elaborate fixtures and furniture, depending upon the size of the store. Whenever possible, a separate room should be set off for the florist's workroom. In the larger shops where space is plentiful, some florists set aside a special room for packaging and wrapping, while still others have a separate room for a business office. The work room usually contains such things as work benches, a sink, storage cabinets and closets, a wrapping counter, and a back entrance (for incoming goods as well as for an exit to the florist's delivery truck). The office may contain a desk, a chair, file cabinet, one or more telephones, and the records.

From a functional viewpoint, the front of the shop is the selling area, and here is the place for the displays, decorative effects, etc. The actual design work, the storage space, the watering of stock, etc. are carried on in the work room. The office work, the record keeping, the telephone business, and the planning functions can all be carried out in the office at the rear of the store. A suggested floor plan for a flower shop follows on the next page.

Interior Floor Plan of a Modern Retail Flower Shop



(figure Nine)

CHAPTER FIVE

BUYING AND ITS RELATION TO MERCHANDISING

A. Deciding What to Buy

Buying is a problem that each florist has to solve for himself to meet his own individual needs. On deciding what to buy, the buyer must consider the location of his shop, and the clientele he is catering to. Actually he is the purchasing agent for his customers and he must fill their wants and needs by buying produce that will satisfy their tastes, at a price they can afford and want to pay for the merchandise. Each shop has its own problems and probably the best clue to these problems is the past records and experience of the store.

The buyer can buy only those flowers that are in season, so the time of the year becomes important in his decisions of what to buy. The florist buys to fill customer's orders of certain flowers and designs. Generally, all specialty buying is to fill a customer's order or to anticipate a demand for a certain flower due to the season of the year or flower holiday. Some merchandise is bought simply because it can be bought at a very good price, and the florist feels that he can get rid of it on a price appeal. On some occasions, florists must buy certain items because their competitors are carrying them, so he must carry them to, as consumers expect him to.

The florist carries a number of staples which are used not only for regular cut flowers purchases, but also are used in making up design work such as funeral pieces, wedding work,

corsages, etc. Some of these staples are available all year around while others are only available for a few months during the year. Probably the greatest staple and the flower that has the greatest popularity is the rose, in all colors and varieties. Other staples are carnations, gardenias, orchids, snap dragon, pom-poms, chrysanthemums, sweet peas, lilies, gladioli, asters, jonquils, iris, and tulips. Not all florists use every one of these, but every florist uses many of these during their season in both his design work and to fill his cut flower orders.

The list of the so called specialties is almost endless so no attempt is made here to give a complete list. The flowers listed here are the more common specialties used by florists in their work. They have occasion to use, camellias, violets, strelitzia, anthuriums, delphinium, vana cymbidium and cypripedium orchids, marguerites, bachelor buttons, anemone, african daisies, marigolds, freesia, and liatris.

Each shop will carry certain of the above flowers when the occasion arises or when there is a special demand for these specialties. While every florist uses staples, some florists who cater to the price appeal, do not use any specialties. The more expensive shops and the ones who do the really expert design work, are more apt to use the specialties and different combinations of specialties in an effort to create something just a little bit different and distinctive.

Determining what to buy is particularly difficult in

the flower business because of the perishable nature of flowers and due to the fine shades of differences between grades and qualities. While a florist can often learn which flowers he can most profitably handle in a short period of time, it often takes long experience or training to educate the buyer as to the very fine differences in the quality and grades and colors of even the basic staples.

B. Deciding How Much to Buy

In determining how much to buy, the florist must estimate what his needs will be for that day and for the next day. Very seldom does he buy for more than two day's in a row. He makes his estimates as to his possible sales on two general bases. The first is the orders that he has already booked, and the second is the expected business he is counting on getting. The character of the demand is all important here. Along with this, previous sales records as well as general and local business conditions must be taken into consideration. It is the nature of the demand that is really the starting point for determining both what and how much to buy.

First the florist checks the orders on hand against the inventory he has available. The shortages are made up by direct purchasing of these items to fill the orders that are already booked. Besides these orders, he must plan on doing a good deal of his volume from orders which will not come in until the last minute, telegraph orders, business from the street, etc.

He uses previous sales records for this purpose. The dollar sales volume of previous years would mean little as the flower prices are constantly fluctuating, so his most valuable record would be that of flower units purchased on a weekly or monthly basis. Some florists keep a purchase memorandum book where they record such things as.. "week of August first through the seventh, poor rainy weather, 2000 red roses, 500 yellow, 1000 T roses, etc." Also notes are made of the merchandise that he didn't sell during that period the previous year. For example, the Easter holiday used to be largely that of plants and cut flowers. Gradually through the years this has changed somewhat, and a good deal of the Easter business is now for corsages. Notes of this sort are very valuable as the florist will not accurately remember details of this kind. In addition to this type of record, some buyers also list the special events (like birthdays) of their customers.

Record of Customer's Special Events

JULY THE FIRST				
OCCASION	CUSTOMER	ADDRESS	TEL. NUMBER	REMARKS
anniversary	John Lyons	Home 10 Main St Business 5 Lincoln Ave	cen 4114 WAs 1237	Preference for cut flowers, long stem roses
wife's birthday	Tom Simpson	Home 11 Jones Ave	CAP 1373	No preference usually calls last minute
husband's birthday	Mrs Elliott Roberts	Home 113 Smith Road	SLT 1117	Prefers bright colors large display

(Figure Ten)

By experience, the florist learns that he can expect a certain amount of orders (many at the last moment) to cover these events. Anticipating this, the buyer purchases to cover these special events.

In addition to records kept, a number of factors must be considered by the buyer so that the records and judgement of the florist can be accurately used to fit the present conditions. The time of the year is an important factor. For example, the demand for flowers in the summer time is far less than that of other seasons so little buying will be done during that period. The market price varies at different times and this will be a consideration in purchasing by the florist. Obviously, when prices are high, the florist's investment and his risk is greater so he will be very careful in his buying. A good example of this is on Valentine's Day when the price of violets jumps to high levels. The florist will buy from hand to mouth, under-buying preferring to run out of violets rather than taking a high loss if he can't get rid of his entire violet stock.

Another factor is the weather. The weather affects the growing of the produce and bad weather can hurt or ruin much stock. Asters, for example, turn a rusty color if they are hit by much rain so this has to be watched in purchasing. The weather affects the supply of flowers on the market. Sometimes, heat will force the growing of flowers causing a glut on the market. Othertimes the weather spoils the stock and there is

little supply of a flower on the market. All these conditions will affect the purchasing of flowers by the floral buyer. The weather also affects to some extent the consumer's demand for flowers as less retail purchases are made in excessive heat or during rain or snow storms.

Business conditions in general will affect the purchases of the florist as in "bad" times, a certain amount of his business is reduced. People buy less gifts, less wedding flowers, etc., so in the florist's buying, business conditions must be considered. This year's (1949) dollar volume of sales has not been as good as last year's, thus far, probably because of the so-called business recession economists say we are going through at present.

Finally, local conditions must be considered by the florist in determining how much he should buy. General business might be good but in the particular area the florist is in, might be otherwise. This seems to be true in mill towns like Lawrence, Mass. When the local mills shut down, the local merchants have a difficult time, even though "general" business conditions may be considered good. Also, there are different preferences in the type and numbers of flowers in different sections, that the retail florist must be aware of. For example, certain foreign born people desire massive displays with bright primary colors in their flower design preference, while other groups prefer more conservative displays. The buyer must be

aware of these local preferences in his buying in the market so that he can really act as the purchasing agent for his customers.

C. Planning for Special Events

In planning for special events, the florist is generally catering to a particular demand for seasonable buying or purchasing for a special occasion. Generally, when buying for a season, like for a special flower holiday, for a special occasion like a wedding, etc., the desire of the customer is for "something special". While it is possible for the florist to over buy on his staples, if he so desires, (as he can use them up in funeral work), he cannot do this profitably with these specialties that are desired only on these special occasions. Very careful buying is necessary here or large losses will result.

Much of the produce or supplies for special occasions must be ordered in advance as many of the retailers are competing to get this merchandise on these special occasions. For example, all the florists are looking for white orchids in June as there is a big demand for them for weddings. Weddings sometimes require a large amount of special equipment which may be either rented or bought by the retailer. In decoration jobs at weddings, the florist has occasion to use floral carpets, beauty baskets, caladium plants, palms and ferns, candelabras, canopies, special ribbons, etc.

A sale may be considered a special event. Probably the best time to run sales is when there is a glut on the market

and certain produce can be bought by the florist very cheaply. By specialized buying and by buying in volume, many times the florist can purchase merchandise at a low cost, and pass the savings along to the consumer in the form of reduced prices.

Sometimes, special orders may be placed for a certain type of rare flower which is desired for sentimental reasons. This is sometimes the case for funeral designs. The florist must be on his toes to get these special flowers when needed. Also, on flower holidays, special flowers are handled for only that holiday. (for example, Poinsettias on Christmas). These special demands must be known and catered to by the florist in his purchasing.

The flower buyer himself must be a very capable individual. He must have a good deal of technical knowledge and know the various peculiar characteristics of each flower he is purchasing for resale. He must know all the trade secrets on the handling and judging of flowers. For example, to determine the freshness of chrysanthemums, the buyer presses the petals against his cheek. If the flower is fresh, the petals will spring back. Another example is Easter Lilies, as when the flower gets old, the blossom gets translucent and filmily looking. Likewise, when red roses get old, they turn a bluish tint. All this technical knowledge must be at the florist's finger tips and be almost second nature to him.

A disadvantage to the buyer's job is that it starts

very early in the morning. In the Boston Market, the day starts at 7 A.M. Many buyers dislike this, and some florists refuse to come in early to the market. They come in later in the morning and choose from the produce which is left. Such a practice is hardly to be recommended however.

Besides being able to tell real quality, and being a quick thinker, it is also probably helpful when a buyer becomes good friends with the growers and commission merchants. Not only will they refrain from trying to "stick" the florist, but they will also give him preference when certain stocks are limited and the buyer is having difficulty obtaining certain items. Without question, at such times, the florist's contacts with the growers become very valuable. Many buyers have developed almost a "sixth sense" in their judgement in buying and can "smell" out the market in their judgement of the amount of stock available, the price range, the quality of certain stocks, etc. Generally, however, such judgement seems to develop only after years of trading and buying flowers.

D. Obtaining Emergency Stocks

Where a good deal of the florist's purchases are made from hand to mouth, it might be expected that a great deal of emergency stocks would constantly have to be bought. In actual practice, however, this is not necessarily true. The experienced buyer gets so that he estimates his needs very accurately. Very special, unusual merchandise is generally ordered days' or

even weeks in advance by the customer, (white orchids for a wedding). There are occasions, however, when additional produce is needed to fill a special need or rush order and the florist is faced with the problem of getting emergency stock.

As far as the city florist is concerned, the problem is easily solved. He can quickly drive over to the market or to the wholesale house and pick up whatever he needs. Some florists use the wholesalers to purchase supplies which they otherwise very seldom use. For example, the average retailer has little or no need to carry certain colors of ribbon (such as "ice-blue"). If the florist carried every shade and color, the inventory cost involved would be very large. Therefore, when he gets an order with an unusual demand for a special color ribbon, the florist gets it from the wholesaler who has a complete stock of all shades and colors.

Sometimes the city florist gets emergency stocks from his fellow florists. Of course, there are some florists in the industry who would not help a so called competitor, but the majority of the florists will be willing to help a fellow florist out in an emergency. The truckmen are also sometimes used by the city florist in an effort to obtain some special types of emergency stocks.

When we come to the residential florist, we find that he also gets some produce from fellow florists when they have such stock available. Probably his most frequent method, however is to call the wholesaler and have him ship the merchandise

out to him by way of Railway Express. In most cases, if the florist lives within forty or fifty miles from the wholesaler, he can get the goods the same day that he calls for them. If there are any nearby growers, the residential florist might get the produce from him. If the residential florist is located in a secondary shopping area of a large city, he will get his emergency stocks in the same methods mentioned for the city florist previously.

The grower retailer may be able to supply his own stocks from the greenhouses. In other cases he may telephone the wholesaler in a nearby city and get the flowers or supplies by Railway Express, as the residential florist does. In some cases, the grower retailer may also get stock from the truckmen who handle special types of produce and supplies.

Of course, the problem of the florist is to buy enough to cover his needs without over buying. Many times the need for immediate emergency stock can be avoided by substituting with the flowers and supplies on hand. If however, the customer has definite ideas on the subject, it might not prove wise to attempt substitution. It would all depend on the customer and the particular situation.

E. Problem of Over-Stocking

A rule of thumb that many florists follow is to buy a little short rather than too much of the high priced, perishable, items. For example, if a florist finds that he generally sells only about one orchid a day, he is better off to have only one

or two orchids on hand at any one time, rather than stocking up on this high priced item, because some day he might sell three of them. Most florists buy from hand to mouth because of the extreme perishability of their products. Because of this, the florist does not generally have too much overstocking. He does have to keep adequate stock on hand, however, not only to fill orders, but to give prospective purchasers enough stock to choose from. Therefore, no matter how carefully he buys, he will have some surpluses on hand most of the time. Most of these surpluses can be used up in funeral work as they can be filled into the massive arrangements. A few florists give some of their surpluses away to hospitals but this is a rare practice. In general, the problem of over stocking is not too important because of the hand to mouth buying and because surpluses can be used up in design work or by taking markdowns.

The markdown problem is important to the retailer. Markdowns reduce his profit, but they are something that the florist has to be taking constantly. The florist has to take markdowns to get rid of surpluses. Also, because the produce is so perishable, not only the weather, but the mere passing of time, effects the flowers. In a few days most of the flowers start to open up, are no longer considered as first grade merchandise, so the price must be cut so that the florist can get rid of this produce. As a general rule, markdowns must be taken so that the cut is large enough so that the price of that merchandise will be

of interest to a group of persons who were not interested in it at the original price. (1) It is probably also true that markdowns should be taken early. To quote an old retailing expression, "You can't eat them", so if the value of the merchandise is lessened due to its quality or price, the markdown should be taken, and taken fast. Otherwise, there is a good chance of being stuck with the merchandise which will probably result in the dumping of the produce with no value received for the flowers at all.

A large cause of markdowns comes from the seasonable demand for certain merchandise. Some flowers and plants become almost valueless after the season or flower holiday is over. A good example of this is Easter lilies. Immediately after Easter Sunday, the value of Easter lilies drops considerably. The only way to sell the plants is to take huge markdowns on any such stock left after the holiday.

The method of announcing the markdowns will depend upon the type of store and their promotional and sales policies. A shop selling on a price basis, will be able to capitalize on its markdowns and promote such reductions in a vivid way, stressing the price appeal. In the conventional flower shop, the markdowns could be used as a leader in the window to draw people into the store or it could be used simply to sell individuals who do not

(1) Duncan & Phillips, Retailing Principles & Methods, (Chicago: Richard D. Irwin, Inc., 1947), p.350

want to pay the higher prices for the regular merchandise. .

In any case, the reason for the markdown should be made known to the customer. If it is not first grade merchandise, the customer should be informed that they are getting "seconds" or "slightly opened" flowers. If it is seasonable merchandise, it should be called to the attention of the buyer, that it is an "after Easter markdown". Not only will this prevent misrepresentation, but it will also explain to the consumer why he or she can buy the merchandise at the cheaper price than the regular produce.

Unfortunately, there are no figures available as to the dollar value of markdowns taken by florists. It is known however, that it is an important problem of the florist and one that contributes to his cost of doing business. Markdowns are reflected in either his sales figure (if the goods have been sold) or in his present inventory figure (if the goods have not as yet been sold). At any rate, it is a factor that contributes to the reduction of his net profit for the period.

CHAPTER SIX

RETAIL FLORIST RECORD KEEPING

A. The types of Records Needed

Periodic inventory control is necessary because it gives the florist a chance to discover his slow moving items and to make plans to get them off his shelves. It also helps him to check on essential supplies like wire, ribbon, paper and parafilm. The checking of the inventory is also valuable as the rate of turnover may be discovered. This rate cannot very well be used to compare it with the turnover rates of other stores as unfortunately, surveys of inventory turnover of flower shops do not present any accurate figures. In a 1940 survey, turnover of 100 florists and nurserymen was 3.7 times a year. This figure is of little value because the nurserymen's inventory is entirely different from than of the retail florist.

The retailer can use his turnover figure, however, to compare it with operations of previous years. Although some believe that a high turnover rate is unmistakably a favorable indication, its importance may be exaggerated. High turnover can mean that the florist is concentrating on small stocks of fast moving merchandise. The possible danger here is the loss of sales when the stock is exhausted, failure to provide a wide enough variety of items for discerning customers, and too much emphasis on the low markup staples, with little emphasis on the high markup specialty items. On the other hand, an inventory that turns over too slowly may be weighted down with an overabundance of slow items

which not only tie up the florist's working capital, but also cause excessive markdowns and spoilage due to the highly perishability of the merchandise.

The average florist keeps two kinds of inventory. There is the inventory of his merchandise he is offering for resale, and there is the inventory of his supplies such as ribbons, wire, paper, picks, boxes, etc. Generally, a visual inventory is kept of supplies. That is, the inventory is checked only by observation. When using a number 18 wire, the designer finds that he is down to his last box, so he orders some more. When it comes to the actual produce to be resold, most florist shops today, do not have any formal method of inventory control. In most shops, the owner of the store is working right along with the employees so that he does not have to worry about the employee's dishonesty. Because of the perishability of the produce, it is very difficult to keep a running inventory and to make a record of each flower that is sold. Therefore, the smaller shops keep no formal inventory system, except that an experienced man can look at his stock, and quickly decide what to buy and what he has sold during the day.

In spite of the difficulties involved, however, the larger florists do keep an inventory system. Where the owner is not around to watch his stock carefully, and where a large volume of business is done, the owner finds that he must keep some system of control, or he will soon be out of business.

These larger shops keep a unit system of control whereby every morning, they list the stock on hand of each type and variety of produce. As flowers are taken from the refrigerator to be sold, the number of flowers taken are written down on a daily sheet. Along side of the merchandise taken is written the order for which the flowers were used. For example, "sales order #234, eight, 9" red roses." At the close of the day's business, the sales orders are checked against this inventory record to determine where the produce has actually gone during the day. Also, all the units sold are deducted from the inventory of produce at the beginning of the day. The total left is checked against the amount of stock left in the refrigerator or plants on the counter, to find the shortages. Generally some breakage and shrinkage is found in this perishable stock almost every day.

Florist Unit Inventory Control System

UNIT INVENTORY CONTROL		
RED ROSES		
9 INCH	12 INCH	18 INCH
July 1st On hand 500	July 1st On hand 200	July 1st On hand 200
Sales Order 245 8	Sales Order 210 12	Sales Order 215 12
Sales Order 249 24	Sales Order 220 36	Sales Order 252 18
Sales Order 251 100	Sales Order 227 12	Sales Order 253 24
Sales Order 254 200	Sales Order 246 50	Sales Order 259 12
Sales Order 260 12	Sales Order 250 18	
		66
On hand 344	On hand 128	On hand 134
156	72	

(Figure Eleven)

Besides the inventory systems, florists must also keep some sort of system to determine his profit, and records to enable him to make out profit and loss statements and balance sheets. The larger establishments many times use a regular double entry bookkeeping system, but many of the smaller retailers find that they do not have enough business to warrant the hiring of a bookkeeper. These florists have neither the time nor the inclination to keep elaborate sets of books, and therefore try to keep as little records as possible.

Here these florists use different variations of single entry bookkeeping procedures. The main record is the cash book and the only other asset account kept is the accounts receivable. Sometimes this account is kept in the form of a card index with the record of each customer's purchases being recorded on one of these cards. The same sort of system is followed through with accounts payable, while some simply keep the bills received from creditors, as their only record. While these systems are simple and inexpensive to operate, it does not give the florist too much information to go on for purposes of analysis of his operations.

B. Typical Profit and Loss Statements

On the following page is a typical profit and loss statement of 50 profitable florists taken from a survey by the Florists Telegraph Delivery Association, Inc., during the year '1939. The difficulty of this survey is that it is ten years old and also the sample is very small as it consists only of

INQUIRY REFERENCE SERVICE

UNITED STATES DEPARTMENT OF COMMERCE

Henry A. Wallace, Secretary

OFFICE OF DOMESTIC COMMERCE

H. B. McCoy, Acting Director

Florists - Operating Ratios

Prepared for publication by Anne Dienstl Cotton,
Distribution Cost Unit, Marketing Division.

The average operating ratios shown were furnished through the courtesy of the organization indicated at the bottom of the table. The Department of Commerce assumes no responsibility for the accuracy of material from private sources.

Average Operating Ratios - 1939
(Percent of net sales)

Net Sales		100.0
Cost of Merchandise		
Cut Flowers and Plants	37.0	
Accessories and Supplies	<u>6.0</u>	43.0
Gross Margin		57.0
Expenses:		
Wages and Salaries	20.0	
Delivery	3.0	
Advertising	3.0	
Insurance	.6	
Interest	.5	
Wrapping Supplies	1.5	
Office Supplies	.5	
Postage	.5	
Express and Cartage Out	.2	
Light and Refrigeration	1.3	
Taxes	1.0	
Telephone and Telegraph	.6	
Rent	5.0	
Depreciation	1.2	
Traveling and Legal	.3	
Commissions to Agents	1.0	
Clearing House Expense	.3	
Commissions on FTD Incoming	1.0	
Donations	.5	
Reserve Charge for Bad Debts	.5	
Miscellaneous Expense	<u>1.5</u>	
Total		44.0
Net Profit		13.0

Source: Florists Telegraph Delivery Association, Inc., 484 E. Grand Blvd., Detroit 7, Mich.

This survey shows the operating results of 50 florists. All were profitable firms, and these ratios are useful as goal figures. Average profits were 13 percent of sales. Of the total amount taken in, 44 percent was paid out for the various items of expense, 37 percent for cut flowers and plants, and 6 percent for accessories and supplies.

(Figure Twelve)

fifty concerns. The companies chosen were all profitable firms and they were all members of the FTD, which makes the figures and percentages somewhat reliable as goal figures.

At any rate, it gives some indication of what the operating ratios might possibly be. According to these statistics, the cost of the goods sold averages 43%. In this figure are included the actual purchase price of the cut flowers and plants, the accessories and supplies that become part of the product, such as ribbons and wires, and the cost of shortages, markdowns, and shrinkage of the merchandise. Since cost plus markup equals the selling price, there is an average markup of 57% on the selling price or a markup of 132.56% on the cost. This does not mean that every shop does this, but it gives some indication that the average markup of these 50 shops, which were supposed to be representative of the more successful florist in 1939, was 57%. Some shops that cater to a higher class trade do have a markup on selling price of from 50 to 100 or even 150%. On the other hand, the average smaller florist has a markup of probably even less than 50%.

In addition, it is important to point out that on individual merchandise, different markups are obtained. A small markup is gotten on cut flowers while larger markups are gotten on design merchandise such as funeral work, due to the time and effort expended in the design work.

This survey indicated that the florist had a net pro-

fit of 13% of sales. Taking this figure as correct, for the moment, would not necessarily indicate the success or progressiveness of the florist. This percentage means little until it is compared with the amount of net sales the florist makes. For example, if the florist only has a sales volume of \$10,000 a year, this would give the florist only \$1300 a year profit, or the glorious weekly salary of \$25.

Dun and Bradstreet took a survey of actual experiences of florist shops and nursery operators before the war. Unfortunately, these might be distorted figures because the nursery operators' problems are not similar to that of the retail florist. The percentages are based upon averages of the profitable

Expense Item	Expense as % of Sales	Approx.\$ Expenses with the annual sales			
		\$10,000	\$15,000	\$20,000	\$30,000
Cost of the Goods Sold	40.6	\$ 4,060	\$ 6,090	\$ 8,120	\$12,180
Owner's Salary	16.0	1,600	2,400	3,280	4,920
Employees' Wages	16.4	1,640	2,460	3,200	4,800
Occupancy (rent, light)	6.5	650	975	1,300	1,950
Advertising	1.5	150	225	300	450
Bad Debt Losses	0.6	60	90	120	180
Other Expenses	11.6	1,160	1,740	2,320	3,480
Totals	93.2%	\$9,320	\$13,980	\$18,640	\$27,960
Net Profits	6.8	680	1,020	1,360	2,040
Net Sales	100.0%	10,000	\$15,000	\$20,000	\$30,000

concerns, and have been applied to various annual sales volumes to derive average dollar expenses for those volumes. These

(1) Table developed from survey by Dun & Bradstreet by the Technical advisory service of the Dept. of Commerce, in pamphlet published in Philadelphia, Pa., July, 1946.

percentages have the limitations of averages and no one florist will necessarily accurately conform with them. Also no information is available on how big the survey was, how it was taken, etc. However, the figures presented on the previous page might prove to be some sort of a guide.

The florist should operate on an expense control budget. He should start with a forecast of sales and estimate the amount of money he will need to meet expenses. For example, if he forecasts sales to be \$20,000, the cost of the goods to be sold would be about \$8,000, giving a gross margin of about \$12,000.

From this figure, the expenses must be taken out before a profit can be realized. If a higher markup and therefore a higher gross margin can be anticipated, more can be allowed for expenses and a profit will still be allowed for. If, however, the average gross margin is expected to be lower, some expense items must be reduced to maintain a profit.

Survey reports of Dun & Bradstreet indicate that the gross margin ratios among florist shops varied widely, ranging anywhere from 51.6% to 74.1% of sales. The expenses must be taken out of this gross margin figure. For example, it may be found that employee's wages are running to 20% of sales, compared with the 16.4% in the table. If other items of expense are low enough to compensate, the average net profit can still be made. If, on the other hand, the other items are also high, the net profit can quickly disappear, and the allowance for the owner's salary may shrink below living requirement.

This situation if not remedied leads to disappearance of capital and to failure. The purpose of the previous figures is merely to use them as sort of a guide in determining if and why one florist is more profitable than another. It give some indication if the expenses are in line. If they are not, it does not necessarily mean that the expenses should be cut, but it does mean that the florist should be aware of it. For example if the wages he pays seem to be too much, or more than the normal, it may be that he has to pay higher wages as the labor market in his town forces him to pay more than the "normal."

Instead of comparing his operations with that of only other florists, frequently the retailer compares his monthly or yearly operations with previous records. That is, using internal records only, the florist makes an attempt to analyze his ratios over a period of time. He is interested in knowing how this year's operation compares with last years'. Then, of course he must bring in outside data such as general business conditions competition, local conditions, etc. in order to justify the results of his past and present operations.

C. Mortality of Retail Shops

It has been estimated by a survey that over 16% of all new florists fail within the first year, over 50% are out of business by the end of the third year, and only one out of six succeeds in getting established permanently on a profitable basis. (1)

(1) Telegraph Delivery Spirit, dated October 1948.

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

According to Dun & Bradstreet, growers do not have as many failures in proportion to their numbers as do retail shops. During the first nine months of 1948, there were only ten failures of greenhouses, nurseries, and landscape gardening enterprises. These failures had a total amount of liabilities of \$1,365,000, averaging liabilities of \$136,500, a far cry from the small operations of the average retailer. Dun & Bradstreet further notes that more than 70% of those who failed, were concerns that had been established within the preceding three years. (1) It seems that the newer firms comprise the bulk of the failures.

Most failures in the retail florist field are due to a lack of technical knowledge and experience in handling flowers, insufficient amount of capital, and a lack of good judgement in buying and selling. (2) A way of reducing these failures is through proper education. The old system of apprenticeship is no longer acceptable to gain florist skills. Individuals who wish to become retail florists may now go to one of the floral schools located in the major cities throughout the country. One such school, for example, offers a six month course in floral designing and retail shop management. (3)

- (1) Letter to writer from Dun & Bradstreet, dated May 31, 1949
- (2) "Careers in Retail Business Ownership", by R. Shosteck, p. 322.
- (3) The Rittner School of Floral Design, 357 Charles Street, Boston, Mass., with which the author has been associated.

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILLINOIS

1900

D. Criticism of the Industry

It would be erroneous to give the impression that the industry as a whole is a highly progressive one. It is true that when it comes to the actual design work, the florists are constantly developing new ideas, new designs, and new methods of creating beautiful and satisfying floral art work. These new designs are copied and improved on by competing florists soon after they have been introduced to the industry. The individual florist learns of the new designs and art work of others by observing competitor's work at public functions, through the trade magazines, and through the trade shows held periodically in all sections of the country.

When it comes to merchandising methods however, many critics point out that the industry as a whole is backward. Florists as a group are especially criticized in their methods of pricing, promotion, and selling. Every trade magazine, every floral organization, at every trade show, and at practically every meeting of florists, the topic of discussion is largely that of improving the "old fashioned" methods of merchandising, of florist's unattractive shops, of florists ignoring the mass market, etc. Possibly some of the criticism is unwarranted. To merely "modernize" the industry overnight without considering the market or other factors would be purely folly. But it is probably true that the florists as a group are conservative and are slow to change their ways of doing business.

CHAPTER VII

NEW TRENDS AND A LOOK AT THE FUTURE

A number of modern ideas are continuously coming out in the field. A streamlined, self-service flower dispenser has recently come out on the market. It delivers a package containing flowers at the press of a button, according to the Frosted Food O'Mat Inc., the producer of the machine. This new dispenser is known as the "Flower O'Mat". The machine has a black cabinet and its actual flower-packaged contents are displayed under fluorescent lighting. A space for insertion of price tags is provided under the oblong, package display window. Flowers come out by means of a slot located near the bottom of the machine. The unit is fully equipped with coin mechanism and maintains, by refrigeration, the desired temperature for flowers. A customer merely presses a button and out drops the selected package. The dispenser is designed to stimulate the sale of single flowers, in attractive packages, for immediate wear.

Flowers and fashions in women's clothing are becoming inseparably linked in the public mind. (1) The idea of flowers for the lady to suit her coloring and features have become accepted by many people, and some even demand flowers to suit "Their personality". This idea has been played up to some extent especially by some city florists, and many women consumers

(1) The Florist Review, dated November 11, 1948.

THE HISTORY OF THE UNITED STATES

The first part of the history of the United States is the history of the colonies. The colonies were founded by Englishmen who had come to America in search of a new home. They were at first dependent on England for everything they needed. But as they grew in number and power, they began to assert their independence. They fought the Revolutionary War and won. They became a free and independent nation. The second part of the history of the United States is the history of the Union. The Union was formed by the joining of the thirteen original states. It has since grown to include all the states of the country. The third part of the history of the United States is the history of the people. The people have made many great things for the world. They have discovered new lands, new plants, and new animals. They have invented new machines and new ways of doing things. They have made the world a better place to live in.

THE END

The fourth part of the history of the United States is the history of the future. The future is full of possibilities. We can make the world a better place to live in. We can discover new lands, new plants, and new animals. We can invent new machines and new ways of doing things. We can make the world a better place to live in.

are delighted with the idea that their personality is expressed by a certain flower. The idea is that certain flowers appeal to us more than others because they personify traits we, ourselves, possess. Henry Penn, a leading florist of Boston, says that in his experience, he has found that people can be easily judged by the selection of flowers they make.

Psychiatric diagnosticians say that flowers are symbols and much about the personality can be determined by the choice of flowers. (1) The choice of lily of the valley, sweetheart roses, and forget-me-nots indicate daintiness, chrysanthemum and bird of paradise indicates a dynamic quality, while the violet, Mayflower and wallflower indicates shyness. Cool aloofness is expressed by the peony, and by the choice of lilies, tulip and dahlia, while warmheartedness is shown by the picking of most roses. Gentleness is indicated by the sweet pea, thoughtfulness by the pansy, and sophistication by the geranium, spray orchid, and the camellia. Aristocracy is shown by the regal lily, and the long stemmed American beauty rose. The friendly person takes the jonquil, sadness is expressed by the bleeding heart, fuchsia, and columbine, while stiffness is shown by the delphinium, and the godetia. Femininity is expressed by baby's-breath, and lily of the valley, masculinity by the carnation and the desert spoon, while sensuality is expressed by the lotus, the red rose, and the deeper-hued orchids. (2)

(1) "Daisies do Tell", American Magazine, May 1949, James F. Bender, Ph.D., Director of the Nat'l Instit. for Human Relations

(2) Ibid

It is not meant that the average florist should become an amateur psychologist, or that even the choice of different flowers really indicate any scientific knowledge about one's personality. However, as long as people are flattered and enjoy the idea that the personality of the individual demands a certain flower, and as long as Madame demands freesia (youthful sweetness), the florist should be aware of this trend and cater to it. It is probably the feeling of individuals that they can be different from the average and it gives them some feeling of individuality so that there is an appeal in this idea and they want "their flower."

Dated flowers have been tried by at least one firm. The "Ariston" method is sponsored by the United Cut Flower Co., Inc., of New York City. Their method is to have the grower cut the flowers when either they are in full size bud or in the early flowering period, depending on the type. After conditioning by the grower, the flowers are shipped as rapidly as possible to the market. The Ariston dated seal is attached to the selected top quality flowers on the day of their arrival. Then they go to the retailer carrying the seal which is dated for two days in advance. When sold by the retailer during the two day period, the flowers are guaranteed to be fresh and give maximum flower enjoyment. The idea here is that the flowers are dated like coffee or other perishable goods. Because the produce would be branded, and because there would

be a guarantee of freshness and quality, a better price could be asked for the flowers. The "higher class" flower shops, do not prefer to push a brand as they would rather boost their own names. Some acceptance has come from florists catering to the medium brackets, but wide acceptance of the idea has not, as yet, become apparent. (1)

Something that is merely in the experimental stages is canned flowers. A note in a recent issue of a manufacturing news sheet states that Dutch scientists have been experimenting with sealed cans as shipping containers for flowers. The cans are sealed under pressure with a preservative gas (possibly carbon dioxide.) An experimental shipment from Holland to South Africa required three weeks, and arrived in fresh condition. Something worth while might be developed from this project in the future.

Peter Ball of New York has set up an organization known as Hospital Flowers, Inc. This organization is a self-service flower business in the lobbies of New York hospitals. The sales figure for 1948 was \$50,000. Ball has displays in 11 hospitals. Visitors make their choice on the way in (\$2.50 for a simple corsage, \$15 for a fancy miniature garden); either they pay the hospital cashier, or simply sign their name and address to the price tag for billing later. Ball says that

(1) Paul Pergakis of Ariston, Inc., "Dated Flowers," Sales Management, Vol. 50:2, May 1, 1942.

this honor-system which has been set up for the buyer's convenience, has never once been violated. Bell handles his business from a distance—he says he is allergic to flowers.

Tommy Luke, a leading florist in Portland, Oregon has blended music and flowers in such a manner that satisfies his customers and increased the efficiency of his employees. Soft chamber music is presented, a soothing intangible for those in bereavement and a romantic backdrop for the others seeking flowers at Luke's shop. The system is provided by the General Music Service of Portland, which selects the music and sends it into the shop from a downtown studio. Another innovation of Luke's is the corsage bar. The bar in his shops is similar to a cocktail bar, except the customer sits at the bar while the bartender mixes up (makes) a corsage instead of a cocktail. This way, the customer can see and choose for himself the flowers and styles desired in his or her corsage while it is in the process of being made.

Also in the future, the air delivery of flowers will probably become more important. At present, air transports fly in millions of flowers from Hawaii and the West coast. Only one woman in five in this country has ever had an Orchid. (1) By flying in orchids by the thousands, the price will be brought down until every woman can have an orchid at least once a year.

(1) "The Flowers Fly East", Saturday Evening Post, Vol. 221, August 7, 1948, p. 32-33.

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

DEPARTMENT OF CHEMISTRY

CHICAGO, ILLINOIS

RECEIVED

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

DEPARTMENT OF CHEMISTRY

CHICAGO, ILLINOIS

RECEIVED

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

DEPARTMENT OF CHEMISTRY

CHICAGO, ILLINOIS

RECEIVED

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

DEPARTMENT OF CHEMISTRY

CHICAGO, ILLINOIS

RECEIVED

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

DEPARTMENT OF CHEMISTRY

CHICAGO, ILLINOIS

RECEIVED

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

DEPARTMENT OF CHEMISTRY

CHICAGO, ILLINOIS

RECEIVED

Some optimistic retailers are talking about ordering flowers by air from all over the world. It would give the couple who had spent their honeymoon in Honolulu a great thrill to be able to order from their local florist, a pikaki lei which would be flown in from Honolulu. It may be possible sometimes in the future to order orchids from London delivered to a party in California, or tulips from Holland. Sometime in the future it may be routine to present to the public, blossoms that will come from all over the globe.

Only from about three to five percent of the retailer's business are orders for flowers for enjoyment in the home. (1) Mr. Krone believes that the key to selling more for this market is in showing the American housewife that flowers contribute to her family's morale. If the housewife is shown that flowers will contribute very considerably to her family's prestige in the community, she will buy flowers for the home. Mr. Krone states that funeral flowers are considered essential only because people have been "educated" to the fact that it is smart or correct to use flowers for funerals and it has become a custom. He further points out that flowers for the home can be sold in the same way, by educating the consumer that it is smart to have flowers in the home as it will raise her family's prestige. They can really impress other people, which is a powerful motivating factor. Mr. Krone's approach may be important in the future

(1) Paul R. Krone, Prof. of Michigan State College, in talk at 1948 National TDS Meeting

The first part of the report deals with the general situation of the country and the progress of the work during the year. It is followed by a detailed account of the various projects and the results achieved. The report concludes with a summary of the work done and the plans for the future.

The second part of the report deals with the financial statement of the year. It shows the income and expenditure of the organization and the balance sheet at the end of the year. It also includes a statement of the assets and liabilities of the organization.

The third part of the report deals with the administrative matters of the organization. It includes a list of the members of the organization and a list of the committees and sub-committees. It also includes a list of the officers and staff of the organization.

selling of cut flowers for the home.

The Kwikstem Company of San Francisco, California have developed a very valuable machine for use inside flower shops in the production of funeral designs. It is a stemming machine which cuts the stem off the flower, wires it, and ties a pointed stick on the end of it, all automatically. This releases the florist from the boring and time consuming task of wiring by hand. However, the machine costs \$250 and has been found to be really valuable only when the florist has a large volume of funeral work every day. For these large volume florists, this machine is definitely a time saver as well as an economical device as it releases the designer from this routine task so that he can spend more of the available time in actual designing. A test taken last year by the Florist Telegraph Delivery Association showed that even a skilled laborer could not keep up with the Kwikstem machine in spend for more than a short period of time.

Finally we come to probably the most important modern trend that will possibly effect the florist's operations one way or the other in the near future; pre-packaging. The pre-packaging of cut flowers, like air delivery, is not, strictly speaking, a new development. It has been experimented with to some extent during the past ten or fifteen years. Prepackaging is based upon arresting the respiration, transpiration, and metabolic rate in order to retard maturation of the cut flowers.

CHAPTER I. THE FOUNDING OF THE NATION

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

THE HISTORY OF THE UNITED STATES

This is accomplished by sealing the flowers in a limited space under high humidity, in which the carbon dioxide given off in respiration increases in concentration in the atmosphere enclosed. The maturation is further retarded by storage at temperatures of 38 to 42 degrees Fahrenheit. (1)

Box of Pre-packaged flowers



Ohio State has been very active in this field and has set up a market research project in packaged flowers. An organization called the Flora-Pak Research Corporation has started to market this new development on an experimental basis. At present, they sell approximately 1600 packages a month. The flowers are purchased from growers and then are processed by a four man packaging team. This crew averages about 60 to 100 packages per hour depending upon the type of flowers being packaged. The cost is approximately

(Figure Thirteen) 10¢, of which the labor accounts for from 4 to 5¢, the cellophane 1¢, and the carton 4 to 5¢.

The selling prices are derived by taking the cost

(1) Florist Telegraph Delivery News, dated October, 1948.

price of the flowers, including freight charges, plus 10¢ packaging charge, and then adding 15-20% for the cost of handling and profit. For example, a package in which the flowers cost 90¢, would receive a 10¢ packaging charge, making \$1, and would sell for about \$1.25 at retail. The policy of operation has been to maintain a satisfactory grower price throughout the year on all types of cut flowers and drop prices only when gluts develop. Two types of retail outlets have been used, retail flower shops, and supermarkets. Here are the results of the flower shops' operation. (1) There was an establishment of a definitely increased summer cut flower sales volume, with increased sales ranging from 100-300% in some outlets. Also, there was an establishment of a definite following among consumers for this type of flower, often refusing to accept any other. There was an increased store traffic and this resulted in stimulation of sales of allied lines. Finally, there was the establishment of retailer acceptance, by the retailers in this test.

In the test of eight supermarkets where no service was offered and the prepackaged flowers were displayed in self-service refrigerated counters, there was a direct correlation between the location of the store as regards to income group and the volume sold. Without advertising, 65-75 units per store

(1) "Prepackaging of cut flowers", material sent to writer by Alex Laurie, Prof. of Floriculture, Ohio State University

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

THE DEPARTMENT OF CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

THE LABORATORY OF PHYSICAL CHEMISTRY

per week were sold on an average. Mr. Laurie is high enthusiastic about pre-packaging based on this limited test. There is a growing prevalence of open-faced, refrigerated, self-service cabinets in chain stores, department stores, and super-markets, and Laurie believes that flowers could be sold in large quantities in these cabinets as easily as the meats, and vegetables.

By selling through super markets, consumers would be reached who never before were flower buyers. The consumer benefits in that he or she is assured better quality and fresher flowers at lower prices. Enthusiasts of prepackaging say that the retail florist will benefit in two ways. First, in selling the prepackaged flowers, the florist will get time and space economy as well as added time to dispose of a perishable product that makes merchandising profitable. Secondly, by having other outlets selling flowers, people will become more flower conscious, more flowers will be purchased, and a whole new group of people will become consumers of flowers. However, in a survey taken by Dun and Bradstreet, it was found that most florists reacted negatively to the prepackaging idea. They view with alarm the idea of the sale of cut flowers through super markets, as they feel that even though this medium might tend to popularize flowers and result in greater totals of sales of flowers, it would inevitably cut into their own sales. This may be so, from a short term standpoint, but from a long

THE HISTORY OF THE
CITY OF BOSTON
FROM THE FIRST SETTLEMENT
TO THE PRESENT TIME
IN TWO VOLUMES
BY NATHANIEL BENTLEY
OF THE BARRISTER AT LAW
IN GREAT BRITAIN
AND OF THE COUNSELLOR AT LAW
IN MASSACHUSETTS
VOLUME THE SECOND
CONTAINING THE HISTORY OF THE
CITY OF BOSTON FROM THE
YEAR 1700 TO THE PRESENT TIME
BOSTON: PUBLISHED BY
J. B. BENTLEY, AT THE
SIGN OF THE BOSTON
TRADING COMPANY, IN
THE CITY OF BOSTON.
1790.

range viewpoint, it is very possible that anything or any medium that gets people more flower conscious and make more flower buyers, will benefit the retail floral designer in the long run. At any rate prepackaging is definitely a modern trend worth much consideration by progressive florists throughout the industry.

.

To sum up, the retail florists and the floral industry have the chance of a lifetime to advance the love of flowers among our people, to enlarge their markets and to establish better and more consistent profits. If the industry takes advantage of its opportunity, not only will it emerge better and brighter and more profitable than ever before, but the florists themselves will have the satisfaction of knowing they have done much to increase the happiness of all people.

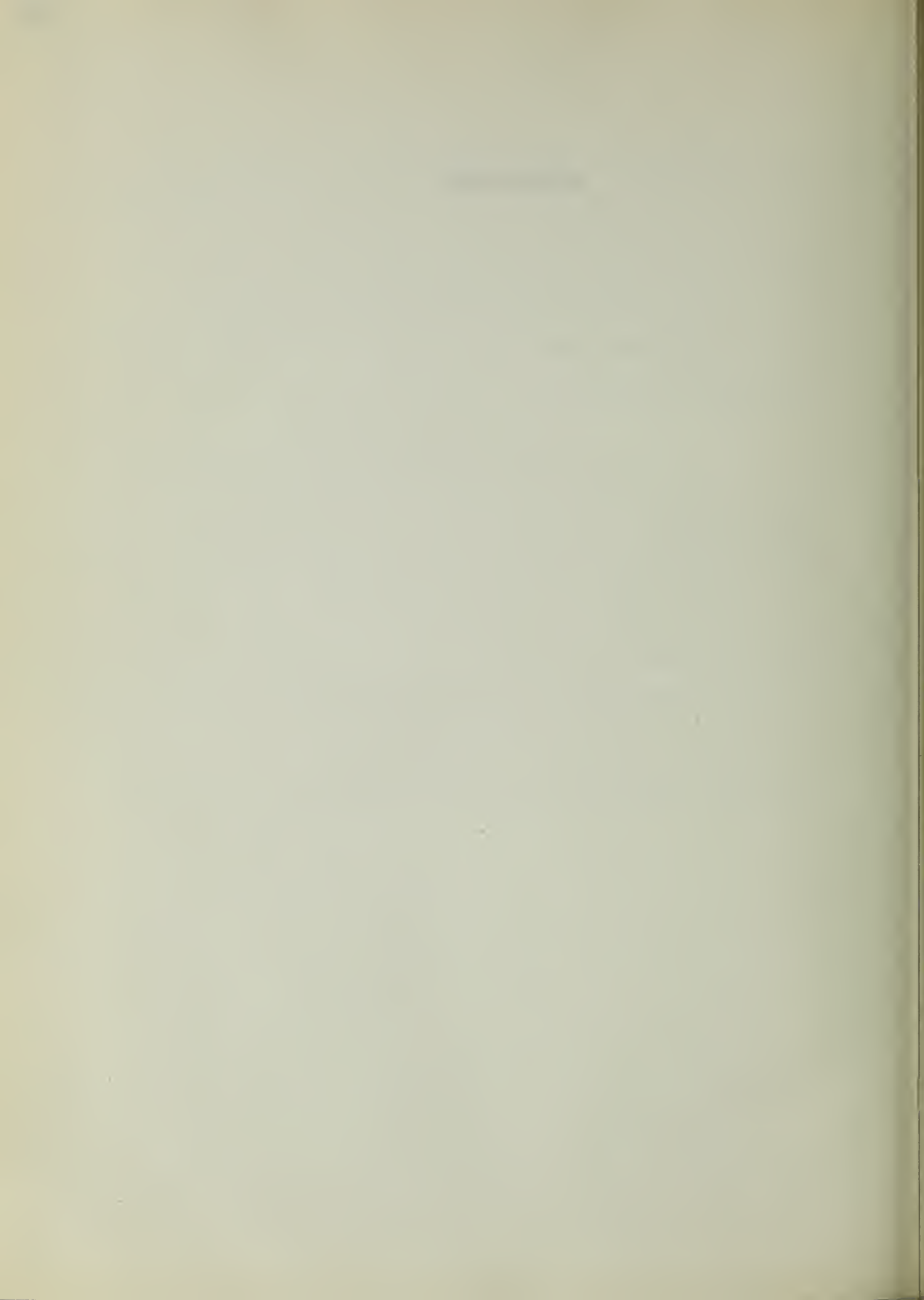
* * * *

The first of these is the fact that the
the same is the case with the other
the second is the fact that the
the third is the fact that the
the fourth is the fact that the

the fifth is the fact that the
the sixth is the fact that the
the seventh is the fact that the
the eighth is the fact that the
the ninth is the fact that the
the tenth is the fact that the
the eleventh is the fact that the
the twelfth is the fact that the
the thirteenth is the fact that the
the fourteenth is the fact that the
the fifteenth is the fact that the
the sixteenth is the fact that the
the seventeenth is the fact that the
the eighteenth is the fact that the
the nineteenth is the fact that the
the twentieth is the fact that the

the twenty-first is the fact that the
the twenty-second is the fact that the
the twenty-third is the fact that the
the twenty-fourth is the fact that the
the twenty-fifth is the fact that the
the twenty-sixth is the fact that the
the twenty-seventh is the fact that the
the twenty-eighth is the fact that the
the twenty-ninth is the fact that the
the thirtieth is the fact that the
the thirty-first is the fact that the
the thirty-second is the fact that the
the thirty-third is the fact that the
the thirty-fourth is the fact that the
the thirty-fifth is the fact that the
the thirty-sixth is the fact that the
the thirty-seventh is the fact that the
the thirty-eighth is the fact that the
the thirty-ninth is the fact that the
the fortieth is the fact that the

BIBLIOGRAPHY



A. BOOKS

Better Retailing, a Handbook for Merchants, (Dayton, Ohio: National Cash Register Co., 1935), p.59

Duncan & Phillips, Retailing Principles and Methods (Chicago: Richard D. Irwin, Inc. 1947), p.27

Edwards, Charles M., Retail Advertising & Sales Promotion (New York: Prentice-Hall Inc., 1946) p.387-395

Emerson, James P., Establishment and Operating a Flower Shop (Washington, D.C.: U.S. Gov't Printing Office), p.24

Kift, Robert, The Retail Flower Shop, (New York: A.T. DeLa-Mare Company, 1930)

Laurie, Alex, The Flower Shop, (Chicago: Florists' Publishing Company, 1930).

Nystrom, Paul H., Marketing Handbook, (New York: The Ronald Press Co., 1948), p. 10, 497-8.

R. Shosteck, Careers in Retail Business Ownership, p. 322.

White, Edward A., The Florist Business : (New York: Macmillian Company, 1933)

B. PERIODICAL ARTICLES

Bender, James F., PhD, (Director of the National Institute for Human Relations), "Daisies Do Tell", American Magazine, May 1949

Comish, N.H. (Prof. of Business Administration, University of Oregon), "Why Customers Quit Trading at Flower Shops".

Cotton, Dienstl Anne, "Florists-Operating Ratios", Florist's Telegraph Delivery Asso., Detroit, Mich., 1939.

"Florist's Advertising", The Florist Review, Nov. 11, 1948

"Flowers Fly East", Saturday Evening Post, Vol. 221, August 7, 1948, p.32-33

Hewey, Harold R., "Advertising to Perpetuate", The Florist & the Future, Florists' Tel. Delivery Asso., Detroit, Michigan.

Knibb, Dorothy, "Florist Industry Alert to Change," Domestic Commerce, Vol. 34, No. 2, February 1946, p.24-5.

Laurie, Alex, Prof., "What About Selling Packaged Flowers",
Florists Telegraph Delivery News, March 1949.

McLellan, E.W., "Modern Packaging", Sales Management, Vol. 59:
 92, September 15, 1947.

Penn, the Florist, The Penn-Trail, (Boston, Mass., published
 monthly for Penn, the Florist, Inc.)

Pergakis, Paul, of Ariston Inc., "Dated Flowers", Sales Mana -
gement, Vol. 50 & 52, May 1, 1942.

"Picking a Location for a Small Business", (Published by the
 State of New York, Dept. of Commerce), p.7.

Roessner, Elmer, "Small Business Today", (New York City, McClure
 Newspaper Syndicate, Sept. 14, 1946)

Schling, Max, Printers Ink, Volume 216:110, Sept. 6, 1946.

Weaver, Simon H., Field Representative of F.T.D.A., Zone one,
 "What makes a good Salesman", F.T.D. News, October 1947.

C. TRADE MAGAZINES

Florists' Exchange and Horticultural Trade World, published weekly
 by the A. T. DeLaMare Co., Inc., New York, N.Y.

Florists' Review, published weekly by the Florists' Publishing
 Company, Chicago, Ill.

Florists' Telegraph Delivery News, published monthly by the Florists'
 Telegraph Delivery Association, Inc., Chicago, Ill.

Telegraph Delivery Spirit, published monthly by the Telegraph
 Delivery Service, Los Angeles, California.

D. UNPUBLISHED MATERIALS

Boston Flower Exchange, Inc., By-laws of the corporation,
 November 5, 1928.

Dun & Bradstreet, Letter to writer dated May 31, 1949.

Correll, Violet, letter to writer from the Society of American
 Florists, Chicago, Ill., dated March 18, 1949.

There is a great deal of talk about the
the future of the country.

It is a very interesting subject and
one that everyone should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

The future of the country is a very
important subject and one that everyone
should know about.

Fossum, Truman, Prof., Cornell University, address to the
Society of American Florists, March 1949.

Kassay, Frank, professional free lance window display man,
(formerly of Schrafft's Candy), interview, February 1949.

Laurie, Alex., Prof. of Floriculture, Ohio State University,
Letter and "Prepackaging of cut flowers" sent to writer
by Mr. Laurie, May 4, 1949.

Roland, Robert H., letter to writer from the Exec. Secretary,
Society of American Florists, Chicago, Ill., June 1, 1949.

Sherman Williams Paint Co., information received from the
Decorative Studios of the company.

* * *

1. The first of these is the fact that the
the second of these is the fact that the
the third of these is the fact that the
the fourth of these is the fact that the
the fifth of these is the fact that the
the sixth of these is the fact that the
the seventh of these is the fact that the
the eighth of these is the fact that the
the ninth of these is the fact that the
the tenth of these is the fact that the



BOSTON UNIVERSITY



1 1719 02553 3581

